

**BOROUGH OF MORRIS PLAINS  
SCHOOL DISTRICT**

**Morris Plains Board of Education  
Morris Plains, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual  
Financial Report**

**of the**

**Morris Plains Borough School District**

**Morris Plains, New Jersey**

**For the Fiscal Year Ended June 30, 2018**

**Prepared by**

**Borough of Morris Plains Board of Education  
Finance Department**

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2018

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal .....	1
Organizational Chart.....	7
Roster of Officials .....	8
Consultants and Advisors .....	9

FINANCIAL SECTION ..... 10

Independent Auditors' Report .....	11
Required Supplementary Information .....	14
Management's Discussion and Analysis (Unaudited).....	15
Basic Financial Statements (Sections A. and B.).....	23
A. District-Wide Financial Statements .....	24
A-1 Statement of Net Position.....	25
A-2 Statement of Activities .....	27
B. Fund Financial Statements .....	29
B-1 Balance Sheet – Governmental Funds.....	30
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds .....	32
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	34
B-4 Statement of Net Position – Proprietary Funds .....	36
B-5 Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	37
B-6 Statement of Cash Flows – Proprietary Funds .....	38
B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....	39
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	40

Notes to the Basic Financial Statements.....	41
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Required Supplementary Information (Unaudited) ..... 80

L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other Than Pensions (Unaudited).....	81
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System .....	81
L-2 Schedule of District Contributions – Public Employees Retirement System.....	82
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with the District - Teachers' Pension and Annuity Fund .....	83
L-4 Schedule of State's Contributions – Associated with the District – Teachers' Pension and Annuity Fund .....	84
L-5 Schedule of Changes State's Total OPEB Liability and Related Ratios .....	85
Notes to Required Supplementary Information .....	86

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

FINANCIAL SECTION (Cont'd)

C. Budgetary Comparison Schedules .....	87
C-1 Budgetary Comparison Schedule – Budgetary Basis – General Fund (Unaudited).....	88
C-2 Budgetary Comparison Schedule – Budgetary Basis – Special Revenue Fund (Unaudited).....	100
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information (Unaudited).....	101

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable) .....	103
E. Special Revenue Fund.....	104
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis .....	105
E-2 Preschool Aid Schedule of Expenditures – Budgetary Basis (Not Applicable) .....	107
F. Capital Projects Fund .....	108
F-1 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance .....	109
F-1a Schedule of Project Revenues, Expenditures, Project Balances and Project Status 2017 Referendum .....	110
G. Proprietary Funds .....	111
Enterprise Fund:	
G-1 Statement of Net Position.....	112
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position .....	113
G-3 Statement of Cash Flows.....	114
H. Fiduciary Funds.....	115
H-1 Combining Statement of Fiduciary Net Position.....	116
H-2 Statement of Changes in Fiduciary Net Position.....	117
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements .....	118
H-4 Student Activity Agency Fund Statement of Activity .....	119
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements.....	120
I. Long-Term Debt.....	121
I-1 Schedule of Serial Bonds .....	122
I-2 Schedule of Obligations Under Capital Leases (Not Applicable)	
I-3 Debt Service Fund Budgetary Comparison Schedule .....	123
J. STATISTICAL SECTION (Unaudited) .....	124
J-1 Net Position by Component .....	125
J-2 Changes in Net Position .....	126
J-3 Fund Balances - Governmental Funds .....	129
J-4 Changes in Fund Balances - Governmental Funds.....	130
J-5 General Fund - Other Local Revenue by Source.....	131
J-6 Assessed Value and Actual Value of Taxable Property .....	132
J-7 Direct and Overlapping Property Tax Rates .....	133
J-8 Principal Property Tax Payers .....	134

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

FINANCIAL SECTION (Cont'd)

J. STATISTICAL SECTION (Unaudited) (Cont'd)

J-9	Property Tax Levies and Collections .....	135
J-10	Ratios of Outstanding Debt by Type .....	136
J-11	Ratios of Net General Bonded Debt Outstanding .....	137
J-12	Ratios of Overlapping Governmental Activities Debt .....	138
J-13	Legal Debt Margin Information .....	139
J-14	Demographic and Economic Statistics .....	140
J-15	Principal Employers .....	141
J-16	Full-Time Equivalent District Employees by Function/Program.....	142
J-17	Operating Statistics.....	143
J-18	School Building Information.....	144
J-19	Schedule of Required Maintenance for School Facilities .....	145
J-20	Insurance Schedule.....	146

K. SINGLE AUDIT SECTION ..... 147

K-1	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> .....	148
K-2	Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control over Compliance.....	150
K-3	Schedule of Expenditures of Federal Awards .....	152
K-4	Schedule of Expenditures of State Awards .....	153
K-5	Notes to the Schedules of Expenditures of Federal and State Awards.....	155
K-6	Schedule of Findings and Questioned Costs .....	157
K-7	Summary Schedule of Prior Audit Findings .....	159

INTRODUCTORY SECTION

# Morris Plains School District

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500 Speedwell Avenue  
Morris Plains, NJ 07950

January 18, 2019

The Honorable President and Members  
of the Board of Education  
Morris Plains Borough School District  
County of Morris, New Jersey

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Morris Plains Borough School District for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of consultants and advisors. The financial section includes The Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

## 1) REPORTING ENTITY AND ITS SERVICES:

The Morris Plains Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Morris Plains Borough School District and its schools constitute the District's reporting entity.

Phone: 973-538-1650 • Fax: 973-540-1983 • Web Site: [www.morrisplainsschooldistrict.org](http://www.morrisplainsschooldistrict.org)

***The Community of Caring***

(1) REPORTING ENTITY AND ITS SERVICES: (Cont'd)

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 as well as special education for handicapped students. Additionally, the District provides for the education of regular and special education high school level students through a sending-receiving relationship with the Morris School District as well as transportation services or aid in lieu of transportation for all resident public and nonpublic students.

2) ECONOMIC CONDITION AND OUTLOOK:

Morris Plains remains financially healthy. The District is currently carrying the maximum 2% unassigned budgetary basis fund balance to provide funding for the reduction in state aid, emergency funding, and to provide necessary reserves for future contingencies. In addition, the District has established tuition and maintenance reserves to help the District manage financially with the state restricted tax levy budget cap of 2%. A capital reserve for the local funding portion of future capital projects contained in the District's Long Range Facility Plan totals \$1,212,132. The Morris Plains community is experiencing the impact of the current economic condition in the United States. The District has worked very hard to minimize the tax impact to the community.

3) MAJOR INITIATIVES:

The Morris Plains School District offers a superior curricular and instructional program to its students. Our curriculum aligns with the New Jersey Core Curriculum Content Standards in all nine areas, and over recent years, we have invested in program improvements to ensure that our students master the skills and content necessary to support 21<sup>st</sup> century learning. Below is a summary of the initiatives included in the subject areas:

**Math:**

The District continues to increase professional development for our Math teachers, and continues support in understanding the Math curriculum, instructional program, and NJSL standards. Specifically, continuing partnership with a Math consultant to provide push-in and pull-out support for our K-4 Math instructors, continuing to invest in updated Math resources and manipulatives, continuing to support Math-based diagnostic assessments and digital learning tools (i.e. iReady, ExactPath). In addition, expanded support for students who qualify for basic skills in grades five through eight. Lastly, continuing to support blocked Math periods for students, grades K-8.

**Science:**

The District continues to enhance our K-8 STEM and iLab cycle courses. This includes transforming the media center at Borough School into a state of the art Learning Lab. The Learning Lab will include makerspace carts, virtual reality kits (12), research text, 3D printing stations, comfortable seating areas, and a digital communications lab. All students (K-8) will continue to cycle through the Innovation Lab and STEM courses throughout the school year. The District will budget for two new co-curricular clubs next year dedicated to support the STEAM Tank Challenge, and our participation in the NJIT-based LiFE grant.



### 3) MAJOR INITIATIVES: (Cont'd)

#### **Science:** (Cont'd)

Through the LiFE grant, we hope to increase the number of women persisting in STEM pathways. Professional development resources will be made available for Science teachers to continue supporting their efforts to build authentic, inquiry-based science activities against the NJSLs. Funds will continue to be dedicated to support hands-on, exploratory learning experiences for our students. Additionally, we continue to invest in Discovery Education's Techbook, which serves as our primary Science resource.

#### **Language Arts:**

The District continues to support blocked Language Arts periods for students, grades K-8. The Morris Plains School District intends to replace a part-time Literacy Coach with a Reading Specialist, K-8, for the next school year. The Reading Specialist will oversee the implementation of the district's Early Intervention Plan, which was adopted September 2017. The District continues to invest in early literacy intervention training opportunities designed to build capacity and deepen understanding. The District continues to support LAL-based diagnostic assessments and digital learning tools (i.e. iReady, ExactPath). Most of the textbook funds in the 2018-2019 budget will support building classroom libraries. This is essential to support the District's balanced literacy program.

#### **Social Studies:**

The District continues professional development and support in understanding the Social Studies curriculum, instructional program, and the NJSLs. This includes supporting teacher-led professional development opportunities, and personalized professional development planning. The District continues utilizing Discovery Education resources, including Streaming and Techbook, to support the social studies curriculum.

#### **21<sup>st</sup> Century Life and Careers:**

The District continues support of 21st Century Life and Careers Curriculum and continues to revise the Unified Arts curriculum to include more meaningful technology and problem-based learning opportunities for students. This includes coding, TV production, digital communication, etc. As previously noted, the District will provide learning lab spaces that promote future readiness, digital learning, iSTEAM, and collaboration. The district continues to employ a recently funded part-time Guidance Counselor at the primary school to help facilitate classroom lessons, individual counseling, character education programs, etc.

#### **Visual and Performing Arts**

The District continues to coordinate programs and assemblies related to visual and performing arts. Additionally, the District budgeted curriculum writing hours for both Music and Art to update the recently adopted NJ Model Curriculum to reflect curriculum that are unit-based, UBD. The District provides professional development opportunities to support STEAM and Arts Integration. This includes participation in the Education Leaders as Scholars retreat in Princeton.

### 3) MAJOR INITIATIVES: (Cont'd)

#### **Comprehensive Health and Physical Education:**

The District continues ongoing professional development for staff in best practices in Health and Physical Education. This includes supporting teacher-led professional development opportunities, and personalized professional development planning. Additionally, the budget will include Health and Physical Education curriculum writing hours to update the recently adopted NJ Model Curriculum to reflect a curriculum that is unit-based, UBD.

#### **World Language:**

The District continues to purchase supplemental instructional material to use for curriculum support, and continues to review materials and technology resources to support recently adopted NJ Model Curriculum. Additionally, the budget includes World Language curriculum writing hours to update the recently adopted NJ Model Curriculum to reflect a curriculum that is unit-based.

#### **Technology:**

The District continues to support integration of Google Apps for Education (G Suite), and continues maintaining 1:1 Chromebook initiative for students, grades 2-8, sustains the distribution of 10 iPads in each primary classroom, grades PreK-2, continues supporting and enhancing infrastructure, building digital capacity, and increasing cyber security. The District restructured the Technology and Enrichment Supervisor position to Director of Technology and Innovation. This newly structured position will lead our personalized learning, iSTEAM/Arts Integration, and future readiness goals and objectives. The District continues to support Technology and Network Manager, who serves as the district technician, network manager, and systems administrator. The District continues purchasing online assessment programs, textbooks, and supplemental resources to support learners as producers as well as continue to increase digital learning experiences for students and digital professional learning experiences for staff. Lastly, the District continues to support technology standards through all content areas and unified arts programs.

### 4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and agreements.

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2018.

6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Morris Essex Insurance Group (MEIG) oversees risk management for Workers' Compensation Insurance. A Schedule of Insurance Coverage is found on Exhibit J-20.

9) OTHER INFORMATION:

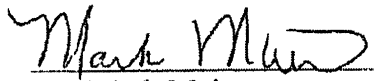
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

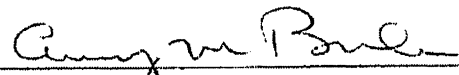
The Honorable President and Members  
of the Board of Education  
Morris Plains Borough School District  
Page 6  
January 18, 2019

10) ACKNOWLEDGMENTS:

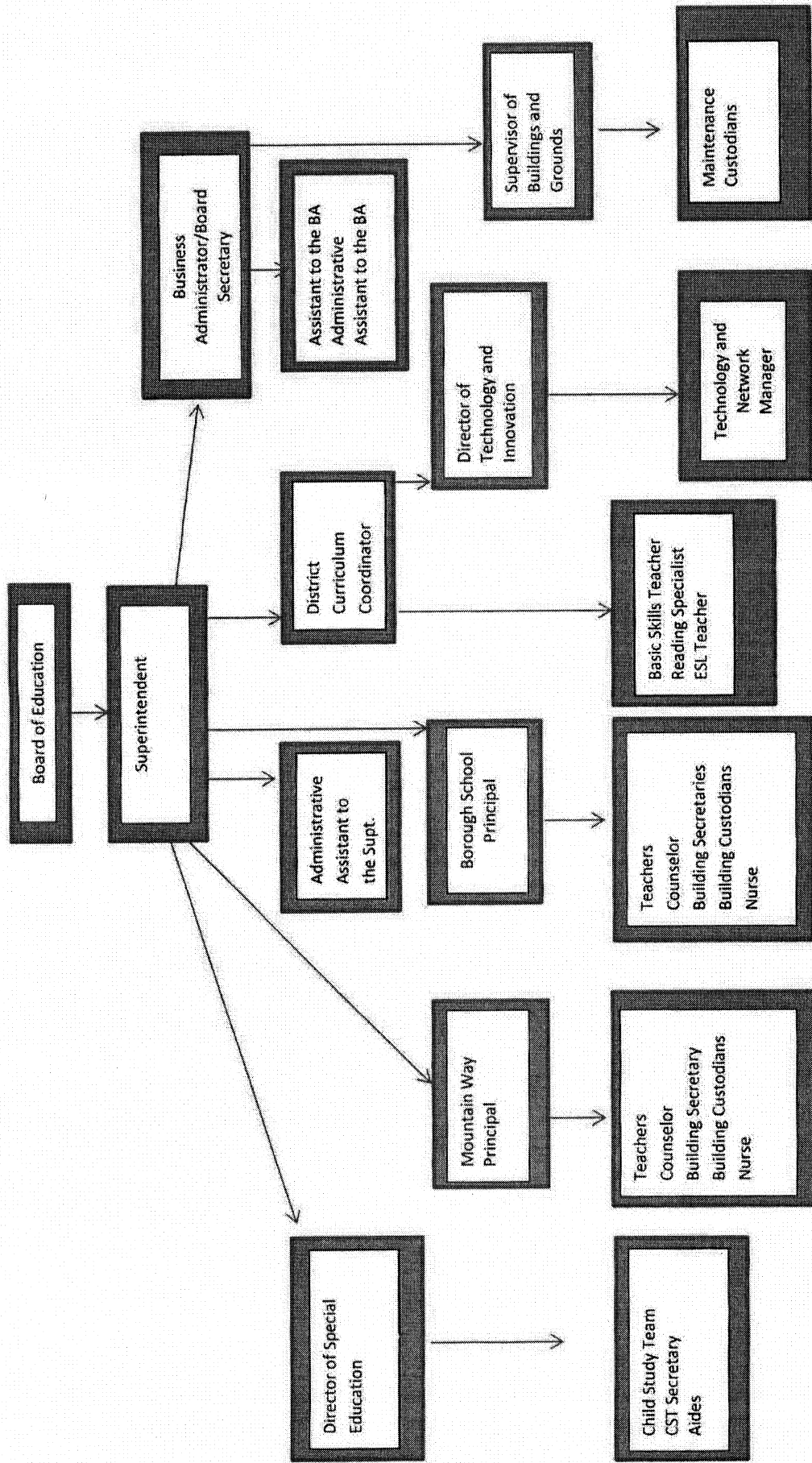
We would like to express our appreciation to the members of the Board of the Morris Plains Borough School District for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

  
\_\_\_\_\_  
Mr. Mark Maire  
Superintendent

  
\_\_\_\_\_  
Ms. Amy Bankman  
Business Administrator/Board Secretary

MORRIS PLAINS SCHOOL DISTRICT - ORGANIZATIONAL CHART - June 2018



**MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Expiration of Term</u>
Denise Rawding, President	2020
Shawna Longo, Vice-President	2020
Lucia Galdi	2018
Adam Higgins	2019
Amy Higgins	2018
Maria Manley	2019
Christina Perry	2019
Kenneth Wilbur	2018
Jessica Williams	2020

<u>Other Officials</u>	<u>Title</u>
Mr. Mark Maire	Superintendent
Ms. Amy Barkman	Business Administrator/Board Secretary

**MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
Consultants and Advisors**

**Audit Firm**

Nisivoccia LLP, CPAs  
200 Valley Road, Suite 300  
Mount Arlington, New Jersey 07856  
and  
11 Lawrence Road  
Newton, New Jersey 07860

**Attorneys**

Dennis McKeever, Esq.  
Sciarrillo, Cornell, Merlino, McKeever & Osborne  
238 St. Paul Street  
Westfield, New Jersey, 07090

Nathanya Simon, Esq.  
Schwartz Simon Edelstein Celso & Kessler LLC  
44 Whippany Road Suite 210  
PO Box 2355  
Morristown, New Jersey 07962

**Architects**

Settembrino Architects  
25 Bridge Ave Suite 201  
Red Bank, NJ 07701

**Official Depository**

Investors Savings Bank  
736 Speedwell Avenue  
Morris Plains, New Jersey 07950

FINANCIAL SECTION



## Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Morris Plains Borough School District  
County of Morris, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Morris Plains Borough School District (the "District") in the County of Morris as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris Plains Borough School District, in the County of Morris, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 18 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and postemployment benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The Honorable President and Members  
of the Board of Education  
Morris Plains Borough School District  
Page 3

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

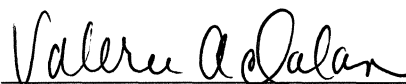
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

January 18, 2019  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED

**Morris Plains Borough School District  
Management Discussion and Analysis  
Unaudited**

This section of Morris Plains Borough School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

**Financial Highlights**

- The District’s financial status decreased \$463,607 on a district-wide basis.
- Overall revenue was \$21.56 million.
- Total expenses were \$21.13 million.

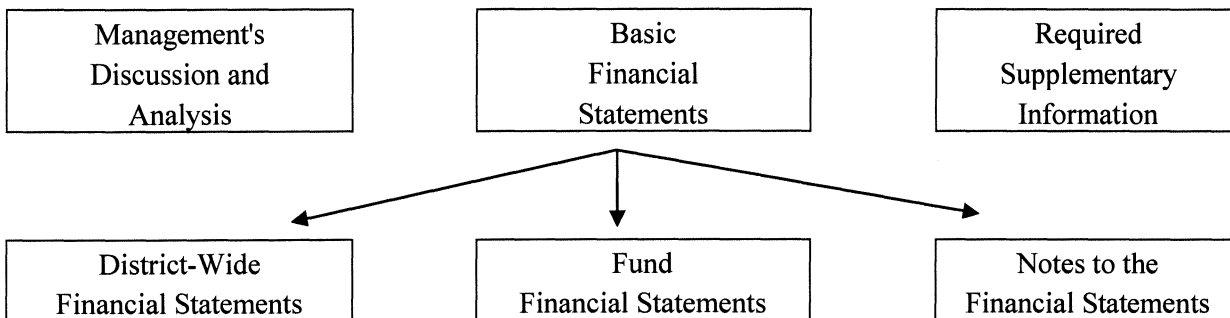
**Overview of the Financial Statements**

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Organization of Morris Plains Borough School District’s Financial Report**



**Morris Plains Borough School District  
Management Discussion and Analysis  
Unaudited**

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents of each of the statements.

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Morris Plains Borough School District  
Management Discussion and Analysis  
Unaudited**

**District-wide Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

**Morris Plains Borough School District  
Management Discussion and Analysis  
Unaudited**

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

*Notes to the Basic Financial Statements:* Provide additional information essential to a full understanding of the District-wide and fund financial statements.

**Financial Analysis of the District as a Whole**

*Net Position.* The District’s combined net position increased \$463,607. Net position from governmental activities increased by \$469,688 combined with a decrease in net position from business-type activities of \$6,081. Net investment in capital assets increased by \$305,002, restricted net position increased by \$130,219 and unrestricted net position increased by \$28,386.

**Figure A-3**

**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	
Current and Other Assets	\$ 6,082,296	\$ 8,907,571	\$ 17,613	\$ 13,191	\$ 6,099,909	\$ 8,920,762	
Capital Assets, Net	18,950,176	15,986,700	19,533	23,412	18,969,709	16,010,112	
Total Assets	<u>25,032,472</u>	<u>24,894,271</u>	<u>37,146</u>	<u>36,603</u>	<u>25,069,618</u>	<u>24,930,874</u>	0.56%
Deferred Outflow of Resources	1,004,294	1,378,249			1,004,294	1,378,249	-27.13%
Other Liabilities	684,064	381,180	9,101	2,477	693,165	383,657	
Long-Term Liabilities	11,373,640	12,999,377			11,373,640	12,999,377	
Total Liabilities	<u>12,057,704</u>	<u>13,380,557</u>	<u>9,101</u>	<u>2,477</u>	<u>12,066,805</u>	<u>13,383,034</u>	-9.84%
Deferred Inflows of Resources	644,085	26,674			644,085	26,674	2314.65%
Net Position:							
Net Investment in Capital Assets	13,000,985	12,692,104	19,533	23,412	13,020,518	12,715,516	
Restricted	2,718,589	2,588,370			2,718,589	2,588,370	
Unrestricted/(Deficit)	(2,384,597)	(2,415,185)	8,512	10,714	(2,376,085)	(2,404,471)	
Total Net Position	<u>\$ 13,334,977</u>	<u>\$ 12,865,289</u>	<u>\$ 28,045</u>	<u>\$ 34,126</u>	<u>\$ 13,363,022</u>	<u>\$ 12,899,415</u>	3.59%

*Changes in Net Position.* The District’s combined net position was \$13,363,022 on June 30, 2018, or \$463,607 more than it was the year before. (See Figure A-3). The increase in the District’s financial position came primarily from its governmental activities as net position increased \$469,688, while net position from business type activities decreased \$6,081, (See Figure A-4) for the fiscal year ended June 30, 2018.



**Morris Plains Borough School District  
Management Discussion and Analysis  
Unaudited**

**Figure A-4  
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	
<b>Revenue:</b>							
Program Revenue:							
Charges for Services	\$ 140,969	\$ 126,687	\$ 82,904	\$ 82,291	\$ 223,873	\$ 208,978	
Operating Grants & Contribution	4,396,740	3,688,320	37,156	31,935	4,433,896	3,720,255	
Capital Grants & Contributions		141,669				141,669	
General Revenue:							
Property Taxes	16,125,717	15,488,208			16,125,717	15,488,208	
Unrestricted Federal and State Aid	715,228	472,400			715,228	472,400	
Other	96,672	81,179	159	82	96,831	81,261	
<b>Total Revenue</b>	<b>21,475,326</b>	<b>19,998,463</b>	<b>120,219</b>	<b>114,308</b>	<b>21,595,545</b>	<b>20,112,771</b>	<b>7.37%</b>
<b>Expenses:</b>							
Instruction	9,965,653	9,209,867			9,965,653	9,209,867	
Pupil and Instruction Services	6,459,221	6,262,489			6,459,221	6,262,489	
Administrative and Business	1,736,760	1,543,686			1,736,760	1,543,686	
Maintenance and Operations	1,084,206	1,208,502			1,084,206	1,208,502	
Transportation	950,618	852,765			950,618	852,765	
Other	809,180	1,005,532	126,300	105,046	935,480	1,110,578	
<b>Total Expenses</b>	<b>21,005,638</b>	<b>20,082,841</b>	<b>126,300</b>	<b>105,046</b>	<b>21,131,938</b>	<b>20,187,887</b>	<b>4.68%</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 469,688</b>	<b>\$ (84,378)</b>	<b>\$ (6,081)</b>	<b>\$ 9,262</b>	<b>\$ 463,607</b>	<b>\$ (75,116)</b>	<b>717.19%</b>

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District remains stable. Maintaining existing programs along with the provision of programs and services for students with special needs place great demands on the District's resources along with rising employee salary and benefits costs.

Careful management of expenses remains essential for the District to maintain its financial health. State aid has been relatively flat while costs continue to escalate.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial obligation placed on the District's taxpayers by each of these functions:

**Morris Plains Borough School District  
Management Discussion and Analysis  
Unaudited**

**Figure A-5  
Net Cost of Governmental Activities**

	<u>Total Costs of Services</u>		<u>Net Cost of Services</u>	
	<u>2017/18</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2016/17</u>
Instruction	\$ 9,965,653	\$ 9,209,867	\$ 5,870,665	\$ 5,768,375
Pupil and Instruction Services	6,459,221	6,262,489	6,318,252	6,135,802
Administrative and Business	1,736,760	1,543,686	1,481,980	1,343,097
Maintenance and Operations	1,084,206	1,208,502	1,084,206	1,208,502
Transportation	950,618	852,765	903,646	806,526
Other	809,180	1,005,532	809,180	863,863
	<u>\$ 21,005,638</u>	<u>\$ 20,082,841</u>	<u>\$ 16,467,929</u>	<u>\$ 16,126,165</u>

**Business-Type Activities**

Net position from the District’s business-type activity decreased by \$6,081, (Refer to Figure A-4). The primary factor contributing to these results was:

- Decrease in business-type activity was a result of more operating expenses by the District.

**Financial Analysis of the District’s Funds**

The District’s financial position decreased \$3,151,951. Revenues increased this year in part due to an increase in tuition revenue, operating grants as well as Federal and State Aid while expenditures during the current year decreased primarily as a result of reduced Capital Outlay and Maintenance costs. The large decrease is primarily attributable to \$3,307,754 of referendum costs.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Changes in budgetary line accounts to more accurately reflect current requirements.

**Morris Plains Borough School District  
Management Discussion and Analysis  
Unaudited**

**Capital Asset Administration**

**Figure A-6**

**Capital Assets (net of depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Change
							2017/18
Sites	\$ 951,200	\$ 951,200			\$ 951,200	\$ 951,200	
Site Improvements	406,714	453,251			406,714	453,251	
Construction in Progress	4,195,393	834,639			4,195,393	834,639	
Buildings & Building Improvements	13,178,146	13,543,787			13,178,146	13,543,787	
Furniture, Machinery & Equipment	218,723	203,823	\$ 19,533	\$ 23,412	238,256	227,235	
<b>Total</b>	<b>\$ 18,950,176</b>	<b>\$ 15,986,700</b>	<b>\$ 19,533</b>	<b>\$ 23,412</b>	<b>\$ 18,969,709</b>	<b>\$ 16,010,112</b>	<b>18.49%</b>

- The change in Capital Assets is a result of the acquisition of assets and construction in progress in the amount of \$3,419,939 offset by depreciation expense of \$460,342.
- The construction in progress represents referendum expenditures as of June 30, 2018.

**Long-Term Liabilities**

At year-end, the District had \$8,075,000 in general obligation bonds outstanding as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the basic financial statements.)

**Figure A-7**

**Outstanding Long-Term Liabilities**

	Total School District		Percentage
	2017/18	2016/17	Change
			2017/18
General Obligation Bonds (Financed with Property Taxes)	\$ 8,075,000	\$ 8,797,000	
Net Pension Liability	3,038,050	3,888,495	
Other Long Term Liabilities	260,590	313,882	
<b>Total</b>	<b>\$ 11,373,640</b>	<b>\$ 12,999,377</b>	<b>-12.51%</b>

- The District continued to pay down its debt, retiring \$722,000 of outstanding bonds.
- Other Long Term Liabilities decreased \$53,292 comprised of decreases in compensated absences payable of \$9,331 and Unamortized Bond Premiums of \$43,961.
- Net Pension Liability decreased by \$850,445.

**Morris Plains Borough School District  
Management Discussion and Analysis  
Unaudited**

**Factors Bearing on the District's Future**

Currently, the District is in good financial condition. Everyone associated with the Board of Education is grateful for the community support of the schools. However, due to an environment of relatively flat state aid, there is an ever-increasing reliance on local property taxes to fund school district operations. A major concern is that an extraordinary financial burden is placed on taxpayers just to maintain appropriate class sizes and services.

Future finances will be challenged even further with the continued effect of legislation that impacts the financial operation of the School District. S1701, adopted by the State of New Jersey on June 17, 2004, forced the District to cut its allowable unassigned general fund balance to 2% of the District's total adjusted expenditures which leaves the District with very little protection in the event of unforeseen emergencies. This law also places limits on the District's ability to transfer funds into capital reserve for the construction and maintenance reserve of school facilities, the ability to transfer available fund balance as needed and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year severely impacts our ability to maintain and improve our facilities.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office at 500 Speedwell Avenue, Morris Plains, NJ 07950.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 4,589,696	\$ 2,100	\$ 4,591,796
Receivables from Federal, State and Other Governments	289,737	2,399	292,136
Interfund Receivable	18,716		18,716
Internal Balances	(7,239)	7,239	
Inventory		5,875	5,875
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	866,386		866,386
Maintenance Reserve Account - Cash and Cash Equivalents	25,000		25,000
Tuition Reserve Account - Cash and Cash Equivalents	300,000		300,000
Capital Assets:			
Sites (Land) and Construction in Progress	5,146,593		5,146,593
Depreciable Site Improvements, Building and Building Improvements and Furniture, Machinery and Equipment	13,803,583	19,533	13,823,116
Total Assets	<u>25,032,472</u>	<u>37,146</u>	<u>25,069,618</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	925,092		925,092
Deferred Amount on the Refunding	79,202		79,202
Total Deferred Outflows of Resources	<u>1,004,294</u>		<u>1,004,294</u>
<u>LIABILITIES:</u>			
Accounts Payable	517,884	3,755	521,639
Accrued Interest Payable	118,219		118,219
Unearned Revenue	47,961	5,346	53,307
Noncurrent Liabilities:			
Due Within One Year, Net	808,961		808,961
Due Beyond One Year, Net	10,564,679		10,564,679
Total Liabilities	<u>12,057,704</u>	<u>9,101</u>	<u>12,066,805</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	644,085		644,085
Total Deferred Inflows of Resources	<u>644,085</u>		<u>644,085</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 13,000,985	\$ 19,533	\$ 13,020,518
Restricted for:			
Debt Service	74,159		74,159
Capital Reserve	866,386		866,386
Maintenance Reserve	25,000		25,000
Tuition Reserve	300,000		300,000
Excess Surplus	1,453,044		1,453,044
Unrestricted/(Deficit)	<u>(2,384,597)</u>	<u>8,512</u>	<u>(2,376,085)</u>
Total Net Position	<u>\$ 13,334,977</u>	<u>\$ 28,045</u>	<u>\$ 13,363,022</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 7,252,349		\$ 2,596,581		\$ (4,655,768)		\$ (4,655,768)
Special Education	2,209,507		1,355,434		(854,073)		(854,073)
School -Sponsored/Other Instruction	503,797		142,974		(360,823)		(360,823)
<b>Support Services:</b>							
Tuition	4,977,045	\$ 140,969			(4,836,076)		(4,836,076)
Student and Instruction Related Services	1,482,176				(1,482,176)		(1,482,176)
General Administration Services	526,262				(526,262)		(526,262)
School Administration Services	729,600		254,779		(474,821)		(474,821)
Central Services	367,261				(367,261)		(367,261)
Administration Information Technology	113,637				(113,637)		(113,637)
Plant Operations and Maintenance	1,084,206				(1,084,206)		(1,084,206)
Pupil Transportation	950,618		46,972		(903,646)		(903,646)
Interest on Long-Term Debt	274,171				(274,171)		(274,171)
Unallocated Depreciation	405,038				(405,038)		(405,038)
Capital Outlay	15,655				(15,655)		(15,655)
Charter Schools	114,316				(114,316)		(114,316)
<b>Total Governmental Activities</b>	<b>21,005,638</b>	<b>140,969</b>	<b>4,396,740</b>		<b>(16,467,929)</b>		<b>(16,467,929)</b>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities: Food Service	\$ 126,300	\$ 82,904	\$ 37,156		\$ (6,240)	\$ (6,240)	
Total Business-Type Activities	126,300	82,904	37,156		(6,240)	(6,240)	
Total Primary Government	\$ 21,131,938	\$ 223,873	\$ 4,433,896	\$ -0-	\$ (16,467,929)	(6,240)	(16,474,169)
General Revenues:							
Taxes:							
		Property Taxes, Levied for General Purposes, Net	\$ 15,253,955			\$ 15,253,955	
		Taxes Levied for Debt Service	871,762			871,762	
		Federal and State Aid not Restricted	715,228			715,228	
		Miscellaneous Income	96,672		\$ 159	96,831	
		Total General Revenue	16,937,617		159	16,937,776	
		Change in Net Position	469,688		(6,081)	463,607	
		Net Position - Beginning	12,865,289		34,126	12,899,415	
		Net Position - Ending	\$ 13,334,977		\$ 28,045	\$ 13,363,022	

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Debt</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	<u>Service</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 1,919,606	\$ 13,212	\$ 2,656,878		\$ 4,589,696
Interfund Receivables	554,828			\$ 74,159	628,987
Receivables From State Government	289,137				289,137
Receivables From Other Governments	600				600
Restricted Cash and Cash Equivalents	1,191,386				1,191,386
<b>Total Assets</b>	<b>\$ 3,955,557</b>	<b>\$ 13,212</b>	<b>\$ 2,656,878</b>	<b>\$ 74,159</b>	<b>\$ 6,699,806</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Interfund Payable	\$ 7,239		\$ 610,271		\$ 617,510
Accounts Payable	387,548	\$ 336			387,884
Unearned Revenue	35,085	12,876			47,961
<b>Total Liabilities</b>	<b>429,872</b>	<b>13,212</b>	<b>610,271</b>		<b>1,053,355</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve Account	\$ 866,386				\$ 866,386
Excess Surplus Designated for Subsequent Year's Expenditures	753,044				753,044
Excess Surplus	700,000				700,000
Tuition Reserve Designated for 2019-2020 Budget	300,000				300,000
Maintenance Reserve	25,000				25,000
Capital Projects Fund			\$ 2,046,607		2,046,607
Debt Service Fund				\$ 74,159	74,159
<b>Assigned:</b>					
Year-End Encumbrances	131,894				131,894
Designated for Subsequent Year's Expenditures	210,581				210,581
Unassigned	538,780				538,780
<b>Total Fund Balances</b>	<b>3,525,685</b>		<b>\$ 2,046,607</b>	<b>\$ 74,159</b>	<b>5,646,451</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,955,557</b>	<b>\$ 13,212</b>	<b>\$ 2,656,878</b>	<b>\$ 74,159</b>	<b>5,646,451</b>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.

The cost of the assets is \$38,186,456 and the accumulated depreciation is \$19,236,280

\$ 18,950,176  
(118,219)

Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.

The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.

(3,038,050)

Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:

Deferred Outflows:

Changes in Assumptions - Pensions

612,062

Changes in Proportions - Pensions

90,807

Difference between Expected and Actual Experience - Pensions

71,536

Net Difference between Projected and Actual Investment Earnings - Pensions

20,687

Deferred Inflows:

Changes in Assumptions - Pensions

(609,818)

Changes in Proportions - Pensions

(34,267)

Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.

(8,115,782)

Deferred Amount on the Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure.

79,202

Bond premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.

The premium is \$527,537 and accumulated amortization is \$307,729

(219,808)

Net Position of Governmental Activities

\$ 13,334,977

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 15,253,955			\$ 871,762	\$ 16,125,717
Tuition - Other LEA's within the State	23,867				23,867
Tuition - Individuals	117,102				117,102
Miscellaneous	43,319	\$ 26,255	\$ 53,353		122,927
Total - Local Sources	15,438,243	26,255	53,353	871,762	16,389,613
State Sources	2,572,668			177,217	2,749,885
Federal Sources		150,799			150,799
Total Revenue	18,010,911	177,054	53,353	1,048,979	19,290,297
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	3,659,831	41,766			3,701,597
Special Education Instruction	1,096,670	135,288			1,231,958
School Sponsored/Other Instruction	305,226				305,226
Support Services and Undistributed Costs:					
Tuition	4,977,045				4,977,045
Student & Instruction Related Services	1,252,319				1,252,319
General Administrative Services	458,980				458,980
School Administrative Services	343,487				343,487
Central Services	292,317				292,317
Administrative Information Technology	91,617				91,617
Plant Operations and Maintenance	938,195				938,195
Pupil Transportation	950,618				950,618
Allocated and Unallocated Benefits	3,300,000				3,300,000

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Debt Service:					
Principal				\$ 722,000	\$ 722,000
Interest and Other Charges				326,979	326,979
Transfer of Funds to Charter Schools	\$ 114,316				114,316
Capital Outlay	74,840		\$ 3,360,754		3,435,594
Total Expenditures	17,855,461	\$ 177,054	3,360,754	1,048,979	22,442,248
Excess/(Deficit) of Revenue over/(under) Expenditures	155,450		(3,307,401)		(3,151,951)
OTHER FINANCING SOURCES/(USES)					
Transfers In				53,353	53,353
Transfers Out			(53,353)		(53,353)
Total Other Financing Sources/(Uses)			(53,353)	53,353	
Net Change in Fund Balances	155,450		(3,360,754)	53,353	(3,151,951)
Fund Balance—July 1	3,370,235		5,407,361	20,806	8,798,402
Fund Balance—June 30	\$ 3,525,685	\$ -0-	\$ 2,046,607	\$ 74,159	\$ 5,646,451

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (3,151,951)

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.

Depreciation Expense	\$ (456,463)	
Capital Outlays	3,419,939	2,963,476

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 722,000

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+) 9,331

Repayment of capital leases is an expenditures in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities

The governmental funds report the effect of deferred amount on a bond refunding relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-) (15,841)

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	850,445	
Deferred Outflows:		
Changes in Assumptions	(193,427)	
Changes in Proportion	(37,217)	
Difference between Expected and Actual Experience	(780)	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(127,586)	



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds: (Cont'd)

Deferred Inflows:	\$
Changes in Assumptions	(609,818)
Changes in Proportion	(7,593)
	43,961

The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

	24,688
	<u>469,688</u>

Change in Net Position - Governmental Activities (From Exhibit A-2)

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018

## ASSETS:

Current Assets:		
Cash and Cash Equivalents	\$	2,100
Intergovernmental Receivable:		
Federal		2,283
State		116
Interfund Receivable:		
General Fund		7,239
Inventories		5,875
		<hr/>
Total Current Assets		17,613
Non-Current Assets:		
Capital Assets, Net of Depreciation		
Depreciable Furniture and Equipment		19,533
		<hr/>
Total Non-Current Assets		19,533
		<hr/>
Total Assets		37,146
		<hr/>
LIABILITIES:		
Current Liabilities:		
Accounts Payable - Vendors		3,755
Unearned Revenue - Prepaid Sales		2,269
Unearned Revenue - Donated Commodities		3,077
		<hr/>
Total Current Liabilities		9,101
		<hr/>
NET POSITION:		
Investment in Capital Assets		19,533
Unrestricted		8,512
		<hr/>
Total Net Position	\$	<u>28,045</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 60,520
Daily Sales - Non-Reimbursable Programs	22,384
	<hr/>
Total Operating Revenue	82,904
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	42,574
Cost of Sales - Non-Reimbursable Programs	15,747
Salaries, Benefits & Payroll Taxes	48,033
Supplies, Insurance & Other Costs	8,067
Management Fee	8,000
Depreciation Expense	3,879
	<hr/>
Total Operating Expenses	126,300
	<hr/>
Operating Loss	(43,396)
Non-Operating Revenue:	
Local Sources:	
Interest Income	159
State Sources:	
State School Lunch Program	1,394
Federal Sources:	
National School Lunch Program	26,250
Food Distribution Program	9,512
	<hr/>
Total Non-Operating Revenue	37,315
	<hr/>
Change in Net Position	(6,081)
Net Position - Beginning of Year	34,126
	<hr/>
Net Position - End of Year	\$ 28,045
	<hr/> <hr/>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 81,919
Payments to Employees	(48,033)
Payments to Food Service Vendor	(54,436)
Payments to Suppliers	<u>(8,067)</u>
Net Cash Used for Operating Activities	<u>(28,617)</u>
Cash Flows Provided for Investing Activities:	
Local Sources:	
Interest Income	<u>159</u>
Net Cash Provided by Investing Activities	<u>159</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	1,362
Federal Sources:	
National School Lunch Program	<u>25,595</u>
Net Cash Provided by Noncapital Financing Activities	<u>26,957</u>
Net Decrease in Cash and Cash Equivalents	(1,501)
Cash and Cash Equivalents, July 1	<u>3,601</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 2,100</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (43,396)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	3,879
Food Distribution Program	9,512
Changes in Assets and Liabilities:	
(Increase) in Inventory	(1,982)
Increase In Unearned Revenue - Prepaid Sales	2,269
(Increase) in Interfund Accounts Receivable	(3,254)
Increase in Unearned Revenue - Donated Commodities	600
Increase in Accounts Payable	<u>3,755</u>
Net Cash Used for Operating Activities	<u><u>\$ (28,617)</u></u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$10,112 and Utilized Commodities Valued at \$9,512.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018

	Agency Funds	Unemployment Compensation Trust Fund
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 392,935	\$ 122,327
Interfund Receivable		73,441
	392,935	195,768
<b>LIABILITIES:</b>		
Payroll Deductions and Withholdings	64,830	
Accrued Salaries and Wages	196,329	
Due to Student Groups	39,619	
Interfund Payable	92,157	
	392,935	
<b>NET POSITION:</b>		
Held in Trust for Unemployment Claims		195,768
	\$ -0-	\$ 195,768

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust Fund</u>
Additions:	
Contributions:	
Employee Contributions	\$ 11,367
Total Contributions	<u>11,367</u>
Investment Earnings:	
Interest	<u>1,466</u>
Net Investment Earnings	<u>1,466</u>
Total Additions	<u>12,833</u>
Deductions	
Unemployment Compensation Claims	<u>15,252</u>
Total Deductions	<u>15,252</u>
Change in Net Position	(2,419)
Net Position - Beginning of the Year	<u>198,187</u>
Net Position - End of the Year	<u><u>\$ 195,768</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Morris Plains Borough School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue from sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes,



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Unemployment Compensation Trust Fund, Student Activities Fund and Payroll Agency Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources:</b>		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 18,007,089	\$ 184,808
<b>Differences - Budget to GAAP:</b>		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances		(12,505)
Prior Year Encumbrances		4,751
Prior Year State Aid Payments Recognized for GAAP Statements	70,505	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(66,683)	
<b>Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</b>	<b>\$ 18,010,911</b>	<b>\$ 177,054</b>
	General Fund	Special Revenue Fund
<b>Uses/Outflows of Resources:</b>		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 17,855,461	\$ 184,808
<b>Differences - Budget to GAAP:</b>		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances		(12,505)
Prior Year Encumbrances		4,751
<b>Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds</b>	<b>\$ 17,855,461</b>	<b>\$ 177,054</b>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed, and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary changes necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental funds upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	Estimated Useful Life
Buildings and Building Improvements	50 years
Site Improvements	20 years
Furniture, Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond premiums as revenue in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District allows certain employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year. As of June 30, 2018, the amount earned by these employees but not disbursed was \$196,329.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$3,525,685 General Fund fund balance at June 30, 2018, \$131,894 is assigned for encumbrances and \$210,581 is assigned as designated for subsequent year's expenditures. \$866,386 is restricted in the capital reserve account; \$25,000 has been restricted in the maintenance reserve account, \$300,000 is restricted in the tuition reserve, \$700,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020: \$753,044 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2019, and \$538,780 is unassigned fund balance, which is \$66,683 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2019.

Capital Projects Fund: The \$2,046,607 Capital Projects Fund fund balance at June 30, 2018 is restricted fund balance.

Debt Service Fund: The \$74,159 Debt Service Fund fund balance at June 30, 2018 is restricted fund balance.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$66,683, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$2,384,597 in governmental activities, which is due to unassigned fund balance of \$538,780 and fund balance assigned for encumbrances of \$131,894, assigned fund balance designated for subsequent years expenditures of \$210,581 changes in assumptions of pensions of \$612,062, changes in proportions of pensions of \$90,807, the difference between expected and actual experiences in pensions of \$71,536 and net difference between projected and actual investment earnings in pensions of \$20,687; offset by net pension liability of \$3,038,050, compensated absences of \$40,782, accrued interest of \$118,219, unamortized bond premiums of \$219,808, changes in proportions of pensions of \$34,267 and changes in assumptions of pensions of \$609,818. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2018 for the deferred amount on refunding, changes in assumptions in pensions, the difference between expected and actual pension experience, net difference between projected and actual investment earnings in pensions, the district contribution subsequent to the measurement date for pensions, and changes in proportions in pensions.

The District had deferred inflows of resources at June 30, 2018 for the changes in proportions and assumptions in pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority.



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for the capital projects and debt service funds, excess surplus, a capital reserve, a tuition reserve, and a maintenance reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2018.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and the amount designated for subsequent year's expenditures in the General Fund at June 30, 2018.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

U. Operating Revenue and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investment section of this note.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Custodial Credit Risk - The District's policy with respect to custodial credit risk requires that the District ensure that District funds are only deposited in financial institutions in which New Jersey school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents			Total
		Capital Reserve	Maintenance Reserve	Tuition Reserve	
Checking & Savings Accounts	\$ 5,107,058	\$ 866,386	\$ 25,000	\$ 300,000	\$ 6,298,444
	<u>\$ 5,107,058</u>	<u>\$ 866,386</u>	<u>\$ 25,000</u>	<u>\$ 300,000</u>	<u>\$ 6,298,444</u>

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$6,298,444 and the bank balance was \$6,622,897.

NOTE 4. CAPITAL ASSETS

	Beginning Balance 6/30/2017	Increases	Adjustments/ Decreases	Balance 6/30/2018
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 951,200			\$ 951,200
Construction in Progress	834,639	\$ 3,360,754		4,195,393
Total Capital Assets not Being Depreciated	<u>1,785,839</u>	<u>3,360,754</u>		<u>5,146,593</u>
Capital Assets Being Depreciated:				
Site Improvements	1,015,827			1,015,827
Buildings and Building Improvements	31,050,312			31,050,312
Machinery and Equipment	914,539	59,185		973,724
Total Capital Assets Being Depreciated	<u>32,980,678</u>	<u>59,185</u>		<u>33,039,863</u>
Governmental Activities Capital Assets	<u>34,766,517</u>	<u>3,419,939</u>		<u>38,186,456</u>
Less Accumulated Depreciation for:				
Site Improvements	(562,576)	(46,537)		(609,113)
Buildings and Building Improvements	(17,506,525)	(365,641)		(17,872,166)
Machinery and Equipment	(710,716)	(44,285)		(755,001)
Total Accumulated Depreciation	<u>(18,779,817)</u>	<u>(456,463)</u>		<u>(19,236,280)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,986,700</u>	<u>\$ 2,963,476</u>	<u>\$ - 0 -</u>	<u>\$ 18,950,176</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	Beginning Balance 6/30/2017	Increases	Adjustments/ Decreases	Balance 6/30/2018
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 71,723			\$ 71,723
Less Accumulated Depreciation	(48,311)	\$ (3,879)		(52,190)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 23,412	\$ (3,879)	\$ - 0 -	\$ 19,533
<b>GRAND TOTAL</b>	<b>\$ 16,010,112</b>	<b>\$ 2,959,597</b>	<b>\$ - 0 -</b>	<b>\$ 18,969,709</b>

The District expended \$3,360,754 towards construction in progress during the fiscal year. As of June 30, 2018, the District has \$2,046,361 in an active construction project for the referendum.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 11,973
General and School Administration Services	33,909
Operations and Maintenance of Plant	5,543
General/Unallocated	405,038
	<u>\$ 456,463</u>

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2018, the school district did not make any transfers to the capital outlay accounts.

NOTE 6. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Morris Plains Borough School District in 1997, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 6. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Balance at June 30, 2017	\$	772,537
Interest Earned		3,417
Increased by Board Resolution June 12, 2018		90,432
		90,432
Balance at June 30, 2018	\$	866,386

The balance in the capital reserve account at June 30, 2018 did not exceed the balance of local support costs of uncompleted capital projects in the District’s approved Long Range Facilities Plan (“LRFP”).

NOTE 7. MAINTENANCE RESERVE ACCOUNT

These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year’s budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district’s school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year’s budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The following is an analysis of activity of the maintenance reserve account:

Balance at June 30, 2017	\$	25,000
Balance at June 30, 2018		25,000

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 8. LONG-TERM LIABILITIES:

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2017	Accrued	Retired	Balance 6/30/2018
Bonds Payable	\$ 8,797,000		\$ 722,000	\$ 8,075,000
Net Pension Liability	3,888,495		850,445	3,038,050
Unamortized Bond Premiums	263,769		43,961	219,808
Compensated Absences Payable	50,113	\$ 4,199	13,530	40,782
	<u>\$12,999,377</u>	<u>\$ 4,199</u>	<u>\$1,629,936</u>	<u>\$11,373,640</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be retired through the Debt Service Fund.

On June 1, 2011 the District issued \$4,470,000 refunding bonds with interest rates ranging from 3.00-5.00% to refund \$4,713,000 of the \$7,533,000 school bonds dated 2/27/2003 with rates ranging from 3.20% to 4.30%. As a result of the advance refunding, the School District reduced its total debt service requirement by \$228,992, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$243,000, or a 5.156 % net present value savings.

The refunding bonds will mature on February 15, 2012 through February 15, 2023 and constitute an advanced refunding. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent who paid the debt service requirements of the refunded bonds on February 15, 2013, which was the first optional redemption date. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

On December 15, 2016 the District issued debt in the amount of \$6,242,000 with interest rates ranging 2.50% and 3.25% with consent of the taxpayers through a referendum which includes new windows, lighting, flooring, door replacement and partial roof replacement at Borough School. In addition, the project also includes an ADA compliant renovation to Borough School auditorium. The bonds mature on July 15, 2017 through 2031.

The District has bonds outstanding as of June 30, 2018 as follows:

Purpose	Final Maturity Date	Interest Rate	Amount
School Refunding Bonds	2/15/2023	5.00%	\$ 2,155,000
School Bonds	7/15/2031	2.50-3.25%	5,920,000
			<u>\$ 8,075,000</u>



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 8. LONG-TERM LIABILITIES: (Cont'd)

A. Bonds Payable: (Cont'd)

Principal and interest due on serial bonds outstanding are as follows:

Fiscal Year Ending June 30,	Bonds		Total
	Principal	Interest	
2019	\$ 765,000	\$ 283,006	\$ 1,048,006
2020	780,000	252,369	1,032,369
2021	795,000	220,244	1,015,244
2022	815,000	187,744	1,002,744
2023	840,000	154,444	994,444
2024-2028	2,130,000	474,468	2,604,468
2029-2032	1,950,000	127,997	2,077,997
	<u>\$ 8,075,000</u>	<u>\$ 1,700,272</u>	<u>\$ 9,775,272</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2018, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2018, the Board has no capital leases payable.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$3,038,050. See Note 9 for further information on the PERS.

E. Unamortized Bond Premium:

The unamortized bond premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond premium at June 30, 2018 is \$43,961 and the long-term portion is \$175,847.

F. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. There is no current portion of the compensated absences balance of the governmental funds in the current year; therefore, the entire \$40,782 represents the long-term liability balance of compensated absences.

There is no liability for compensated absences in the District's Enterprise Fund.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS:

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Public Employee’s Retirement System (PERS) of New Jersey; the Teachers’ Pension and Annuity Fund (TPAF) or the Defined Contribution Retirement Program (DCRP).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$136,412 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability of \$3,038,050 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.013%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$447,912. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 34,463	
	2015	5.72	145,169	
	2016	5.57	432,430	
	2017	5.48	612,062	\$ 609,818
			<u>612,062</u>	<u>609,818</u>
Changes in Proportion	2014	6.44	90,807	
	2015	5.72		7,594
	2016	5.57		12,722
	2017	5.48		13,951
			<u>90,807</u>	<u>34,267</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(36,405)	
	2015	5.00	31,055	
	2016	5.00	130,211	
	2017	5.00	(104,174)	
			<u>20,687</u>	
Difference Between Expected and Actual Experience	2015	5.72	40,277	
	2016	5.57	13,123	
	2017	5.48	18,136	
			<u>71,536</u>	
District Contribution Subsequent to the Measurement Date	2017	1.00	130,000	
			<u>\$ 925,092</u>	<u>\$ 644,085</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District Contribution subsequent to measurement date) related to pensions will be recognized in pension expense as follows:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2018	\$ 71,520
2019	107,923
2020	65,396
2021	(86,977)
2022	(63,395)
	\$ 94,467

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 3,768,907	\$ 3,038,050	\$ 2,429,155

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$649,310 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,843,160.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$26,606,456. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.039%, which was an increase of 0.001% from its proportion measured as of June 30, 2016.



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>26,606,456</u>
Total	\$	<u><u>26,606,456</u></u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$1,843,160 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
				<u>13,378,255,364</u>
Difference Between Expected and Actual Experience	2014	8.5		\$ 13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
				<u>441,116,389</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(435,309,142)	
	2015	5	385,284,122	
	2016	5	1,295,565,574	
	2017	5	(904,033,050)	
				<u>341,507,504</u>
			<u><u>\$14,160,879,257</u></u>	<u><u>\$ 11,800,239,661</u></u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	(1,714,363,628)
	\$ 2,360,639,596

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 31,609,305	\$ 26,606,456	\$ 22,485,088

Pension Plan Fiduciary Net Position

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$13,901 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$25,484 for the year ended June 30, 2018.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health benefit coverage through Horizon Blue Cross Blue Shield.

Property and Liability Insurance

The District maintains insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is member of the New Jersey Schools Insurance Group (the “Group”). This public entity risk management pool provides general liability, property, automobile coverage and workers compensation for its members. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school districts established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group’s liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2018 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2017 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	\$ 328,772,862
Net Position	\$ 78,662,630
Total Revenue	\$ 131,811,793
Total Expenses	\$ 121,371,527
Change in Net Position	\$ 10,440,266
Member Dividends	\$ - 0 -

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey Schools Insurance Group  
6000 Midatlantic Drive  
Suite 300 North  
Mount Laurel, New Jersey 08054  
(609) 386-6060

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ -0-	\$ 11,521	\$ 441	\$ 27,363	\$ 209,572
2016-2017	-0-	11,276	637	23,298	198,187
2017-2018	-0-	11,367	1,466	15,252	195,768

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 554,828	\$ 7,239
Capital Projects Fund		610,271
Debt Service Fund	74,159	
Proprietary Fund - Food Service Fund	7,239	
Fiduciary Funds	73,441	92,157
	<u>\$ 709,667</u>	<u>\$ 709,667</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES (Cont'd)

The interfund receivable in the General Fund and interfund payable in the Capital Projects Fund represents prior years' interest received that will be transferred back during fiscal year 2019 and for the return of the unexpended capital project funds returned to the Capital Reserve. The interfund between the General Fund and the Fiduciary Funds represents payments made on behalf of the Fiduciary Funds. The interfund receivable and payable in the Fiduciary Funds represent employee contributions to the State Unemployment account that are currently held in the Payroll Agency Account. The interfund between the General Fund and the Food Service Fund represents subsidy reimbursements received in the General Fund not yet turned over to the Food Service Fund. The interfund between the Capital Projects Fund and Debt Service Fund represents interest earned in the Capital Projects Fund.

NOTE 12. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable	Lincoln National Insurance	Franklin Templeton
Oppenheimer	Lincoln Financial Group	

NOTE 13. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten- day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 14. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 15. CONTINGENT LIABILITIES

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Arbitrage

The District is not subject to liability for arbitrage payable to the federal government relative to its \$4,470,000 Refunding Bonds dated June 1, 2011 and their \$6,242,000 School Bonds dated December 15, 2016 as the District is considered a small issuer with debt under \$15,000,000.

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 131,894	\$ 12,505	\$ 11,873	\$ 156,272

On the District's Governmental Funds Balance Sheet as of June 30, 2018, \$0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, actual encumbrances are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 16. TUITION RESERVE ACCOUNT

A tuition reserve account may be established in accordance with N.J.A.C. 6A:23-3.1(f) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be restricted and budgeted for tax relief.

The District established a \$300,000 tuition reserve during the current year which will be used to pay for any tuition adjustments related to the District's sending/receiving relationship in the fiscal year ending June 30, 2020 budget.



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 17. ACCOUNTS PAYABLE

	Governmental		District Contribution Subsequent to Measurement Date	Total Governmental Activities	Business-Type
	Funds				Proprietary
	General Fund	Special Revenue Fund			Fund
Vendors	\$ 387,548	\$ 336		\$ 387,884	\$ 3,755
State of New Jersey			\$ 130,000	130,000	
	<u>\$ 387,548</u>	<u>\$ 336</u>	<u>\$ 130,000</u>	<u>\$ 517,884</u>	<u>\$ 3,755</u>

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	223,747
Total	366,078

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$ 53,639,841,858

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 27,547,457	\$ 23,206,220	\$ 19,762,709

	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 30,080,022	\$ 25,108,088	\$ 21,194,538

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 19,084,873	\$ 23,206,220	\$ 28,679,321

	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 20,601,885	\$ 25,108,088	\$ 31,132,452

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$1,420,731 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

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amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0133120961%	0.0132291256%	0.0131292071%
District's proportionate share of the net pension liability	\$ 2,492,388	\$ 2,969,674	\$ 3,888,495
District's covered employee payroll	\$ 902,229	\$ 891,550	\$ 909,100
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	276.25%	333.09%	427.73%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%
			0.0103050938%
			3,038,050
			909,754
			333.94%
			48.10%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 119,037	\$ 113,735	\$ 117,614
Contributions in relation to the contractually required contribution	(119,037)	(113,735)	(117,614)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 899,543	\$ 902,229	\$ 891,550
Contributions as a percentage of covered employee payroll	13.23%	12.61%	13.19%
			15.01%
			\$ 136,412
			(136,412)

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.1122527050%	0.0385863627%	0.0376905659%
State's proportionate share of the net pension liability attributable to the District	\$ 19,801,491	\$ 24,388,229	\$ 29,649,799
District's covered employee payroll	\$ 3,887,313	3,825,033	4,415,822
State's proportionate share of the net pension liability attributable to the district as a percentage of the District's covered employee payroll	509.39%	637.60%	671.44%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%
			25.41%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS ASSOCIATED WITH THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 1,065,506	\$ 1,489,121	\$ 2,227,770
Contributions in relation to the contractually required contribution	<u>(208,612)</u>	<u>(301,766)</u>	<u>(428,346)</u>
Contribution deficiency/(excess)	<u>\$ 856,894</u>	<u>\$ 1,187,355</u>	<u>\$ 1,798,218</u>
District's covered employee payroll	\$ 3,887,313	\$ 3,825,033	\$ 4,415,822
Contributions as a percentage of covered employee payroll	5.37%	7.89%	9.70%
			13.26%
			<u>(649,310)</u>
			<u>\$ 1,843,160</u>
			<u>\$ 1,193,850</u>
			<u>\$ 4,898,571</u>

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Years Ending</u>	
	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	<u>(1,223,298,019)</u>	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	<u>46,849,651,824</u>	<u>57,831,784,184</u>
Total OPEB Liability - Ending	<u>\$57,831,784,184</u>	<u>\$53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

\* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 15,253,955		\$ 15,253,955	\$ 15,253,955	
Interest on Capital Reserve	400		400	3,417	\$ 3,017
Tuition - Other Lea's within the State	5,000		5,000	23,867	18,867
Tuition - Individuals	120,000		120,000	117,102	(2,898)
Unrestricted Miscellaneous Revenue	58,600		58,600	39,902	(18,698)
<b>Total - Local Sources</b>	<b>15,437,955</b>		<b>15,437,955</b>	<b>15,438,243</b>	<b>288</b>
State Sources:					
Transportation Aid	46,676		46,676	46,676	
Special Education Aid	514,227		514,227	514,227	
Security Aid	15,093		15,093	15,093	
PARCC Readiness Aid	8,530		8,530	8,530	
Per Pupil Growth Aid	8,530		8,530	8,530	
Extraordinary Aid				257,609	257,609
Professional Learning Community Aid	8,410		8,410	8,410	
School Choice Aid	202,770		202,770	202,770	
Host District Support Aid	4,080		4,080	4,080	
Non Public Transportation				20,173	20,173
Homeless Tuition				11,355	11,355
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				649,310	649,310
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				15,757	15,757
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				1,308	1,308
TPAF Post Retirement (On-Behalf - Non-Budgeted)				429,552	429,552
TPAF Social Security (Reimbursed - Non-Budgeted)				375,466	375,466
<b>Total State Sources</b>	<b>808,316</b>		<b>808,316</b>	<b>2,568,846</b>	<b>1,760,530</b>
<b>TOTAL REVENUE</b>	<b>16,246,271</b>		<b>16,246,271</b>	<b>18,007,089</b>	<b>1,760,818</b>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 117,369	\$ (20,000)	\$ 97,369	\$ 92,870	\$ 4,499
Kindergarten - Salaries of Teachers	344,300		344,300	336,879	7,421
Grades 1-5 - Salaries of Teachers	1,646,419	54,000	1,700,419	1,699,426	993
Grades 6-8 - Salaries of Teachers	1,203,806	22,000	1,225,806	1,225,583	223
Regular Programs - Home Instruction:					
Salaries of Teachers	7,822		7,822		7,822
Purchased Professional and Education Services	2,000		2,000		2,000
Purchased Technical Services	15,000		15,000	11,354	3,646
Regular Programs - Undistributed Instruction:					
Purchased Professional - Technical Services	79,589		79,589	78,923	666
General Supplies	250,851	(77,725)	173,126	164,708	8,418
Textbooks	67,455		67,455	50,088	17,367
<b>Total Regular Programs - Instruction</b>	<b>3,734,611</b>	<b>(21,725)</b>	<b>3,712,886</b>	<b>3,659,831</b>	<b>53,055</b>
<b>Special Education - Instruction:</b>					
Resource Room/Resource Center:					
Salaries of Teachers	777,243	45,000	822,243	821,708	535
Other Salaries for Instruction	158,591	11,950	170,541	169,835	706
General Supplies	4,250	(2,600)	1,650	1,605	45
<b>Total Resource Room/Resource Center</b>	<b>940,084</b>	<b>54,350</b>	<b>994,434</b>	<b>993,148</b>	<b>1,286</b>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Preschool Disabilities - Full-Time:	\$ 102,626		\$ 102,626	\$ 102,530	\$ 96
Other Salaries for Instruction	1,000	229	1,229	992	237
General Supplies	103,626	229	103,855	103,522	333
<b>Total Preschool Disabilities - Full-Time</b>	<b>1,043,710</b>	<b>54,579</b>	<b>1,098,289</b>	<b>1,096,670</b>	<b>1,619</b>
<b>Total Special Education - Instruction</b>					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	118,496	(7,350)	111,146	111,089	57
General Supplies	1,550		1,550	582	968
<b>Total Basic Skills/Remedial - Instruction</b>	<b>120,046</b>	<b>(7,350)</b>	<b>112,696</b>	<b>111,671</b>	<b>1,025</b>
Bilingual Education - Instruction:					
Salaries for Teachers	31,488	12,675	44,163	44,163	
General Supplies	2,250		2,250	1,395	855
<b>Total Bilingual Education - Instruction</b>	<b>33,738</b>	<b>12,675</b>	<b>46,413</b>	<b>45,558</b>	<b>855</b>
School-Sponsored Cocurricular - Instruction:					
Salaries	48,400	35,650	84,050	83,538	512
Purchased Services (300-500 series)	700	(550)	150	99	51
Supplies and Materials	8,800	(4,500)	4,300	4,278	22
<b>Total School-Sponsored Cocurricular - Instruction</b>	<b>57,900</b>	<b>30,600</b>	<b>88,500</b>	<b>87,915</b>	<b>585</b>



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 58,650	\$ (9,650)	\$ 49,000	\$ 48,952	\$ 48
Supplies and Materials	4,200	(950)	3,250	3,246	4
Other Object	850	1,495	2,345	2,284	61
Transfers to Cover Deficit (Agency Funds)	5,600		5,600	5,600	
Total School-Sponsored Cocurricular Athletics - Instruction	<u>69,300</u>	<u>(9,105)</u>	<u>60,195</u>	<u>60,082</u>	<u>113</u>
Total Instruction	5,059,305	59,674	5,118,979	5,061,727	57,252
<b>Undistributed Expenditures:</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	3,245,091		3,245,091	3,245,091	
Tuition to Other LEAs Within the State - Special	356,587	(37,900)	318,687	294,634	24,053
Tuition to County Vocational School District - Regular	51,588	10,212	61,800	60,709	1,091
Tuition to Private Schools for the Handicapped - Within State	1,419,864	70,226	1,490,090	1,376,611	113,479
Total Undistributed Expenditures - Instruction	<u>5,073,130</u>	<u>42,538</u>	<u>5,115,668</u>	<u>4,977,045</u>	<u>138,623</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 145,594	\$ (13,260)	\$ 132,334	\$ 124,866	\$ 7,468
Purchased Professional and Technical Services	7,000	3,344	10,344	9,000	1,344
Supplies and Materials	6,500		6,500	5,493	1,007
Total Health Services	159,094	(9,916)	149,178	139,359	9,819
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	63,117	1,833	64,950	64,949	1
Purchased Professional - Educational Services	374,952	(104,334)	270,618	133,001	137,617
Supplies and Materials	1,340		1,340	488	852
Total Other Support Services - Speech, OT, PT and Related Services	439,409	(102,501)	336,908	198,438	138,470
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	130,779	1,949	132,728	132,728	
Purchased Professional - Educational Services	5,634	(33)	5,601	4,452	1,149
Other Purchased Services (400 - 500 series)	11,000		11,000	10,144	856
Supplies and Materials	750		750	250	500
Total Other Support Services - Students - Guidance	148,163	1,916	150,079	147,574	2,505

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	\$ 209,897	\$ 5,639	\$ 215,536	\$ 208,333	\$ 7,203
Salaries of Secretarial and Clerical Assistants	42,230	48	42,278	42,271	7
Purchased Professional - Educational Services	235,334	(4,927)	230,407	204,397	26,010
Supplies and Materials	12,700	(760)	11,940	9,275	2,665
Total Other Support Services - Students - Child Study Team	500,161		500,161	464,276	35,885
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	156,910	(8,711)	148,199	135,949	12,250
Salaries of Other Professional Staff	3,200		3,200	500	2,700
Salaries of Facilitators, Math, Literacy Coaches	46,125		46,125	25,275	20,850
Purchased Professional Education Services	368		368	150	218
Supplies and Materials	25,000		25,000	23,972	1,028
Total Improvement of Instructional Services	231,603	(8,711)	222,892	185,846	37,046
Educational Media Services/School Library:					
Salaries	87,760		87,760	54,457	33,303
Purchased Professional and Technical Services	7,366		7,366	4,245	3,121
Other Purchased Services (400-500 Series)	14,900		14,900	12,840	2,060
Supplies and Materials	15,030		15,030	9,853	5,177
Total Educational Media Services/School Library	125,056		125,056	81,395	43,661
Instructional Staff Training Services:					
Purchased Professional and Technical Services	30,400	9,203	39,603	31,306	8,297
Other Purchased Services (400-500 series)	6,000	(203)	5,797	4,125	1,672
Total Instructional Staff Training Services	36,400	9,000	45,400	35,431	9,969

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Support Services - General Administration:					
Salaries	\$ 226,643	\$ 4,402	\$ 231,045	\$ 231,045	\$ 17,343
Legal Services	35,000		35,000	17,657	1,025
Audit Fees	31,125		31,125	30,100	2,153
Architectural/Engineering Fees	24,653		24,653	22,500	12,233
Other Purchased Services	19,900	23,598	43,498	31,265	18,987
Communications/Telephone	96,485		96,485	77,498	901
BOE Other Purchased Professional Services	5,500	(2,000)	3,500	2,599	1,798
Other Purchased Services (400-500 series)	26,750	7,600	34,350	32,552	1,710
General Supplies	2,500	(600)	1,900	190	1,200
BOE In-House Training/ Meeting Supplies	3,373		3,373	2,173	1,181
Miscellaneous Expenditures	5,000		5,000	3,819	918
BOE Membership Dues and Fees	8,500		8,500	7,582	59,449
<b>Total Support Services - General Administration</b>	<b>485,429</b>	<b>33,000</b>	<b>518,429</b>	<b>458,980</b>	
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	200,197	3,350	203,547	203,515	32
Salaries of Secretarial and Clerical Assistants	129,307	1,800	131,107	131,039	68
Other Purchased Services (400-500 series)	5,000	(4,900)	100	45	55
Supplies and Materials	8,500		8,500	7,595	905
Other Objects	3,625	(250)	3,375	1,293	2,082
<b>Total Support Services - School Administration</b>	<b>346,629</b>		<b>346,629</b>	<b>343,487</b>	<b>3,142</b>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Central Services:					
Salaries	\$ 258,817		\$ 258,817	\$ 257,358	\$ 1,459
Purchased Technical Services	19,000	\$ 5,000	24,000	24,000	
Miscellaneous Purchased Services (400-500 series)	6,222		6,222	4,012	2,210
Supplies and Materials	6,678		6,678	5,719	959
Other Objects	1,500		1,500	1,228	272
Total Central Services	<u>292,217</u>	<u>5,000</u>	<u>297,217</u>	<u>292,317</u>	<u>4,900</u>
Administrative Information Technology:					
Salaries	77,250		77,250	75,617	1,633
Purchased Technical Services	21,000		21,000	11,541	9,459
Other Purchased Services (400-500 Series)	11,619		11,619	4,459	7,160
Supplies and Materials	5,000	(118)	4,882	4,882	4,882
Total Administrative Information Technology	<u>114,869</u>	<u>(118)</u>	<u>114,751</u>	<u>91,617</u>	<u>23,134</u>
Required Maintenance of School Facilities:					
Salaries	122,282	118	122,400	122,400	
Cleaning, Repair and Maintenance Services	155,091	(16,611)	138,480	104,097	34,383
General Supplies	27,000		27,000	26,211	789
Other Objects	4,600	1,500	6,100	6,054	46
Total Required Maintenance of School Facilities	<u>308,973</u>	<u>(14,993)</u>	<u>293,980</u>	<u>258,762</u>	<u>35,218</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	\$ 6,000	\$ 5,111	\$ 11,111	\$ 11,111	\$ 5,000
General Supplies	5,000		5,000		
Total Care and Upkeep of Grounds	11,000	5,111	16,111	11,111	5,000
Security:					
Cleaning, Repair, and Maintenance Services	6,800		6,800	5,227	1,573
General Supplies	2,459		2,459	623	1,836
Total Security	9,259		9,259	5,850	3,409
Custodial Services:					
Salaries	376,638	778	377,416	359,452	17,964
Cleaning, Repairs, and Maintenance Services	3,000		3,000	3,000	3,000
Rental of Land & Building Other Than Lease Purch. Agreements	30,000		30,000	7,500	22,500
Other Purchased Property Services	11,683	(778)	10,905	4,392	6,513
Insurance	84,500	(7,499)	77,001	69,882	7,119
Miscellaneous Purchased Services	45,060		45,060	444	44,616
General Supplies	43,000		43,000	17,268	25,732
Energy (Natural Gas)	88,000		88,000	54,235	33,765
Energy (Electricity)	159,529		159,529	148,690	10,839
Energy (Gasoline)	4,000		4,000	609	3,391
Total Custodial Services	845,410	(7,499)	837,911	662,472	175,439
Student Transportation Services:					
Contracted Services: Other Between Home and School - Vendors	55,056	(3,380)	51,676	23,615	28,061
Contracted Services: Between Home and School - Joint Agreement	13,802	3,380	17,182	17,182	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Student Transportation Services: (Cont'd):					
Contracted Services: Regular Students - ESC's	\$ 413,267		\$ 413,267	\$ 403,337	\$ 9,930
Contracted Services: Special Education Students - ESC's	448,649	\$ (13,300)	435,349	435,301	48
Contracted Services: Aid in Lieu of Payments - Non Public Schools	60,000	13,300	73,300	71,183	2,117
Miscellaneous Purchased Services - Transportation	3,800		3,800		3,800
Total Student Transportation Services	<u>994,574</u>		<u>994,574</u>	<u>950,618</u>	<u>43,956</u>
Unallocated Benefits:					
Social Security Contribution	150,000		150,000	146,576	3,424
Other Retirement Contributions - PERS	129,104	7,308	136,412	136,412	
Unemployment Compensation	40,000	(2,142)	37,858		37,858
Workmen's Compensation	57,100	7,499	64,599	64,599	
Health Benefits	1,595,338	(27,166)	1,568,172	1,417,495	150,677
Tuition Reimbursement	20,000	2,000	22,000	22,000	
Other Employee Benefits	69,155		69,155	41,525	27,630
Total Unallocated Benefits	<u>2,060,697</u>	<u>(12,501)</u>	<u>2,048,196</u>	<u>1,828,607</u>	<u>219,589</u>
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				649,310	(649,310)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				15,757	(15,757)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				1,308	(1,308)
TPAF Post Retirement (On-Behalf - Non-Budgeted)				429,552	(429,552)
TPAF Social Security (Reimbursed - Non-Budgeted)				375,466	(375,466)
Total On-Behalf Contributions				<u>1,471,393</u>	<u>(1,471,393)</u>
Total Undistributed Expenditures	<u>12,182,073</u>	<u>(59,674)</u>	<u>12,122,399</u>	<u>12,604,578</u>	<u>(482,179)</u>
<b>TOTAL CURRENT EXPENSE</b>	<u>17,241,378</u>		<u>17,241,378</u>	<u>17,666,305</u>	<u>(424,927)</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Undistributed Expenditures - Care and Upkeep of Grounds	\$ 33,831		\$ 33,831	\$ 18,078	\$ 15,753
Total Equipment	<u>33,831</u>		<u>33,831</u>	<u>18,078</u>	<u>15,753</u>
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	25,000		25,000		25,000
Construction Services	56,700		56,700	200	56,500
Other Objects - Debt Service Assessment	56,562		56,562	56,562	
Total Facilities Acquisition and Construction Services	<u>138,262</u>		<u>138,262</u>	<u>56,762</u>	<u>81,500</u>
Total Capital Outlay	<u>172,093</u>		<u>172,093</u>	<u>74,840</u>	<u>97,253</u>
Transfer Funds to Charter Schools	150,416		150,416	114,316	36,100
<b>TOTAL EXPENDITURES</b>	<u>17,563,887</u>		<u>17,563,887</u>	<u>17,855,461</u>	<u>(291,574)</u>



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,317,616)		\$ (1,317,616)	\$ 151,628	\$ 1,469,244
Fund Balance, July 1	<u>3,440,740</u>		<u>3,440,740</u>	<u>3,440,740</u>	
Fund Balance, June 30	<u>\$ 2,123,124</u>	<u>\$ -0-</u>	<u>\$ 2,123,124</u>	<u>\$ 3,592,368</u>	<u>\$ 1,469,244</u>
<u>Recapitulation:</u>					
Restricted:					
Capital Reserve				\$ 866,386	
Excess Surplus - Designated for Subsequent Year's Expenditures				753,044	
Excess Surplus				700,000	
Tuition Reserve Designated for 2019-2020 Budget				300,000	
Maintenance Reserve				25,000	
Assigned:					
Designated for Subsequent Year's Expenditures				210,581	
Year End Encumbrances				131,894	
Unassigned Fund Balance				<u>605,463</u>	
				<u>3,592,368</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis			<u>(66,683)</u>		
Fund Balances per Governmental Funds (GAAP)				<u>\$ 3,525,685</u>	

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources	\$ 24,612	\$ 9,793	\$ 34,405	\$ 29,504	\$ (4,901)
Federal Sources	133,834	21,470	155,304	155,304	
Total Revenue	158,446	31,263	189,709	184,808	(4,901)
Expenditures:					
Instruction:					
Salaries of Teachers	3254	940	4,194	4,194	
Purchased Professional/Technical Services	10,708	(808)	9,900	9,900	
Other Purchased Services	112,040	27,753	139,793	139,793	
General Supplies	35,698	(1,050)	34,648	29,747	4,901
Total Instruction	158,446	26,835	188,535	183,634	4,901
Support Services:					
Employee Benefits		1,174	1,174	1,174	
Total Support Services		1,174	1,174	1,174	
Total Expenditures	\$ 158,446	\$ 28,009	\$ 189,709	\$ 184,808	\$ 4,901

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 18,007,089	\$ 184,808
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances		(12,505)
Prior Year Encumbrances		4,751
Prior Year State Aid Payment Recognized for GAAP Statements	70,505	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(66,683)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 18,010,911	\$ 177,054
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 17,855,461	\$ 184,808
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not		
Current Year Encumbrances		(12,505)
Prior Year Encumbrances		4,751
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 17,855,461	\$ 177,054

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Local Grants	Elementary and Secondary Education Act	
		Title I	Title IIA
REVENUE:			
Local Sources	\$ 29,504		
Federal Sources		\$ 5,611	\$ 9,900
Total Revenue	29,504	5,611	9,900
EXPENDITURES:			
Instruction:			
Salaries of Teachers		4,194	
Purchased Professional/Technical Services			9,900
Other Purchased Services			
General Supplies	29,504	243	
Total Instruction	29,504	4,437	9,900
Support Services:			
Employee Benefits		1,174	
Total Support Services		1,174	
Total Expenditures	\$ 29,504	\$ 5,611	\$ 9,900

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	IDEA		Totals
	Part B	Preschool	
REVENUE:			
Local Sources			\$ 29,504
Federal Sources	\$ 134,170	\$ 5,623	155,304
Total Revenue	134,170	5,623	184,808
EXPENDITURES:			
Instruction:			
Salaries of Teachers			4,194
Purchased Professional/Technical Services			9,900
Other Purchased Services	134,170	5,623	139,793
General Supplies			29,747
Total Instruction	134,170	5,623	183,634
Support Services:			
Employee Benefits			1,174
Total Support Services			1,174
Total Expenditures	\$ 134,170	\$ 5,623	\$ 184,808



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

CAPITAL PROJECTS FUND

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenue:	
Interest Earned	\$ 53,353
Total Revenues	<u>53,353</u>
Expenditures:	
Construction Services	<u>3,360,754</u>
Total Expenditures	<u>3,360,754</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(3,307,401)
Other Financing Sources/(Uses):	
Transfers Out - Debt Service Fund	<u>(53,353)</u>
Total Other Financing Sources/(Uses)	<u>(53,353)</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	(3,360,754)
Fund Balance - Beginning Balance	<u>5,407,361</u>
Fund Balance - Ending Balance	<u>\$ 2,046,607</u>
<u>Recapitulation:</u>	
Restricted - Encumbrances	\$ 11,873
Restricted Fund Balance	<u>2,034,734</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 2,046,607</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
2017 REFERENDUM  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 6,242,000		\$ 6,242,000	\$ 6,242,000
Total Revenue and Other Financing Sources	6,242,000		6,242,000	6,242,000
Expenditures:				
Construction Services	834,639	\$ 3,360,754	4,195,393	6,242,000
Total Expenditures	834,639	3,360,754	4,195,393	6,242,000
Excess/Deficiency of Revenue and Other Financing Sources Over/Under Expenditures	\$ 5,407,361	\$ (3,360,754)	\$ 2,046,607	\$ -0-

**Additional Project Information:**

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	9/27/2016
Bonds Authorized	\$ 6,242,000
Additional Bonds Authorized	N/A
Bonds Issued	\$ 6,242,000
Original Authorized Cost	\$ 6,242,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	67.21%
Original Target Completion Date	06/30/19

PROPRIETARY FUNDS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2018

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 2,100
Intergovernmental Accounts Receivable:	
Federal	2,283
State	116
Interfund Accounts Receivable:	
General Fund	7,239
Inventories	5,875

Total Current Assets	<u>17,613</u>
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## Non-Current Assets:

Capital Assets, Net of Depreciation	
Depreciable Furniture and Equipment	<u>19,533</u>

Total Non-Current Assets	<u>19,533</u>
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Total Assets	<u>37,146</u>
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## LIABILITIES:

## Current Liabilities:

Accounts Payable - Vendors	3,755
Unearned Revenue - Prepaid Sales	2,269
Unearned Revenue - Donated Commodities	<u>3,077</u>

Total Current Liabilities	<u>9,101</u>
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## NET POSITION:

Investment in Capital Assets	19,533
Unrestricted	<u>8,512</u>

Total Net Position	<u>\$ 28,045</u>
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MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 60,520
Daily Sales - Non-Reimbursable Programs	22,384
	<hr/>
Total Operating Revenue	82,904
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	42,574
Cost of Sales - Non-Reimbursable Programs	15,747
Salaries, Benefits & Payroll Taxes	48,033
Supplies, Insurance & Other Costs	8,067
Management Fee	8,000
Depreciation Expense	3,879
	<hr/>
Total Operating Expenses	126,300
	<hr/>
Operating Loss	(43,396)
Non-Operating Income:	
Local Sources:	
Interest Income	159
State Sources:	
State School Lunch Program	1,394
Federal Sources:	
National School Lunch Program	26,250
Food Distribution Program	9,512
	<hr/>
Total Non-Operating Income	37,315
	<hr/>
Change in Net Position	(6,081)
Net Position - Beginning of Year	34,126
	<hr/>
Net Position - End of Year	\$ 28,045
	<hr/> <hr/>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 81,919
Payments to Employees	(48,033)
Payments to Food Service Vendor	(54,436)
Payments to Suppliers	(8,067)
	<hr/>
Net Cash Used for Operating Activities	(28,617)
	<hr/>
Cash Flows Provided for Investing Activities:	
Local Sources:	
Interest Income	159
	<hr/>
Net Cash Provided by Investing Activities	159
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	1,362
Federal Sources:	
National School Lunch Program	25,595
	<hr/>
Net Cash Provided by Noncapital Financing Activities	26,957
	<hr/>
Net Decrease in Cash and Cash Equivalents	(1,501)
Cash and Cash Equivalents, July 1	3,601
	<hr/>
Cash and Cash Equivalents, June 30	\$ 2,100
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (43,396)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	3,879
Food Distribution Program	9,512
Changes in Assets and Liabilities:	
(Increase) in Inventory	(1,982)
Increase In Unearned Revenue - Prepaid Sales	2,269
(Increase) in Interfund Accounts Receivable	(3,254)
Increase in Unearned Revenue - Donated Commodities	600
Increase in Accounts Payable	3,755
	<hr/>
Net Cash Used for Operating Activities	\$ (28,617)
	<hr/> <hr/>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$10,112 and Utilized Commodities Valued at \$9,512.



FIDUCIARY FUNDS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Agency Funds</u>		<u>Totals</u>	<u>Unemployment Compensation Trust Fund</u>
	<u>Payroll</u>	<u>Student Activity</u>		
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 342,022	\$ 50,913	\$ 392,935	\$ 122,327
Interfund Receivable Fund Payroll Agency				73,441
<b>Total Assets</b>	<b>342,022</b>	<b>50,913</b>	<b>392,935</b>	<b>195,768</b>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	64,830		64,830	
Accrued Salaries and Wages	196,329		196,329	
Due to Student Groups		39,619	39,619	
Interfund Payable General Fund	7,422	11,294	18,716	
Interfund Payable Unemployment Compensation Trust Fund	73,441		73,441	
<b>Total Liabilities</b>	<b>342,022</b>	<b>50,913</b>	<b>392,935</b>	
<b>NET POSITION:</b>				
Held in Trust for Unemployment Claims				195,768
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 195,768</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust Fund</u>	<u>Totals</u>
Additions:		
Contributions:		
Employee Contributions	\$ 11,367	\$ 11,367
Total Contributions	<u>11,367</u>	<u>11,367</u>
Investment Earnings:		
Interest	<u>1,466</u>	<u>1,466</u>
Net Investment Earnings	<u>1,466</u>	<u>1,466</u>
Total Additions	<u>12,833</u>	<u>12,833</u>
Deductions		
Unemployment Compensation Claims	<u>15,252</u>	<u>15,252</u>
Total Deductions	<u>15,252</u>	<u>15,252</u>
Change in Net Position	(2,419)	(2,419)
Net Position - Beginning of the Year	<u>198,187</u>	<u>198,187</u>
Net Position - End of the Year	<u>\$ 195,768</u>	<u>\$ 195,768</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 55,418	\$ 113,226	\$ 117,731	\$ 50,913
Total Assets	<u>\$ 55,418</u>	<u>\$ 113,226</u>	<u>\$ 117,731</u>	<u>\$ 50,913</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Interfund Payable General Fund	\$ 11,294			\$ 11,294
Due to Student Groups	44,124	\$ 113,226	\$ 117,731	39,619
Total Liabilities	<u>\$ 55,418</u>	<u>\$ 113,226</u>	<u>\$ 117,731</u>	<u>\$ 50,913</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Student Activities Account	\$ 39,331	\$ 107,452	\$ 112,651	\$ 34,132
Referee Account	4,793	5,774	5,080	5,487
 Total All School Accounts	 <u>\$ 44,124</u>	 <u>\$ 113,226</u>	 <u>\$ 117,731</u>	 <u>\$ 39,619</u>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 327,799	\$ 7,944,957	\$ 7,930,734	\$ 342,022
Total Assets	<u>\$ 327,799</u>	<u>\$ 7,944,957</u>	<u>\$ 7,930,734</u>	<u>\$ 342,022</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 5,150	\$ 7,661,070	\$ 7,601,390	\$ 64,830
Accrued Salaries and Wages	260,575	260,332	324,578	196,329
Interfund Payable to General Fund		7,422		7,422
Interfund Payable Unemployment Compensation Trust Fund	<u>62,074</u>	<u>16,133</u>	<u>4,766</u>	<u>73,441</u>
Total Liabilities	<u>\$ 327,799</u>	<u>\$ 7,944,957</u>	<u>\$ 7,930,734</u>	<u>\$ 342,022</u>

LONG-TERM DEBT

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance June 30, 2017	Retired or Matured	Balance June 30, 2018
			Date	Amount				
Refunding School Bonds	06/01/11	\$ 4,470,000	02/15/19	\$ 420,000	5.000%			
			02/15/20	425,000	5.000%			
			02/15/21	425,000	5.000%			
			02/15/22	435,000	5.000%			
			02/15/23	450,000	5.000%	\$ 2,555,000	\$ 400,000	\$ 2,155,000
Various Improvements to Borough Schools	12/15/16	6,242,000	07/15/18	345,000	2.500%			
			07/15/19	355,000	3.000%			
			07/15/20	370,000	3.000%			
			07/15/21	380,000	3.000%			
			07/15/22	390,000	3.000%			
			07/15/23	400,000	3.000%			
			07/15/24	415,000	3.000%			
			07/15/25	425,000	3.000%			
			07/15/26	440,000	3.000%			
			07/15/27	450,000	3.000%			
			07/15/28	465,000	3.125%			
		07/15/29	480,000	3.125%				
		07/15/30	495,000	3.250%				
		07/15/31	510,000	3.250%				
						\$ 6,242,000	322,000	5,920,000
						<u>\$ 8,797,000</u>	<u>\$ 722,000</u>	<u>\$ 8,075,000</u>



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 871,762		\$ 871,762	\$ 871,762	
State Sources:					
Debt Service Aid Type II	177,217		177,217	177,217	
<b>Total Revenues</b>	<u>1,048,979</u>		<u>1,048,979</u>	<u>1,048,979</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	326,979		326,979	326,979	
Redemption of Principal	722,000		722,000	722,000	
<b>Total Regular Debt Service</b>	<u>1,048,979</u>		<u>1,048,979</u>	<u>1,048,979</u>	
<b>Total Expenditures</b>	<u>1,048,979</u>		<u>1,048,979</u>	<u>1,048,979</u>	
<b>Other Financing Sources:</b>					
Transfers In - Capital Projects Fund				53,353	\$ 53,353
<b>Total Other Financing Sources</b>				<u>53,353</u>	<u>53,353</u>
<b>Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures</b>				53,353	53,353
<b>Fund Balance, July 1</b>	-0-	\$ -0-	-0-	20,806	-0-
<b>Fund Balance, June 30</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 74,159</u>	<u>\$ 53,353</u>
<b>Recapitulation:</b>					
Restricted Fund Balance				<u>\$ 74,159</u>	

**STATISTICAL SECTION**  
**UNAUDITED**

This part of the School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School's overall financial health.

**Contents**

	<b><u>Exhibit</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
<b>Operating Information</b> These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED  
(accrual basis of accounting)

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 10,613,787	\$ 10,718,823	\$ 10,945,202	\$ 11,179,959	\$ 11,296,836	\$ 11,443,546	\$ 11,962,473	\$ 12,246,143	\$ 12,692,104	\$ 13,000,985
Restricted	785,968	964,132	1,069,956	1,400,007	1,513,176	1,758,329	2,471,676	2,954,975	2,588,370	2,718,589
Unrestricted/(Deficit)	281,108	115,447	166,853	86,182	285,399	(1,600,072)	(2,108,562)	(2,251,451)	(2,415,185)	(2,384,597)
Total Governmental Activities Net Position	\$ 11,680,863	\$ 11,798,402	\$ 12,182,011	\$ 12,666,148	\$ 13,095,411	\$ 11,601,803	\$ 12,323,587	\$ 12,949,667	\$ 12,865,289	\$ 13,334,977
<b>Business-Type Activities</b>										
Investment in Capital Assets	\$ 19,620	\$ 17,273	\$ 22,767	\$ 31,471	\$ 27,197	\$ 23,318	\$ 18,652	\$ 15,112	\$ 23,412	\$ 19,533
Unrestricted	17,637	20,230	18,045	8,455	7,608	14,108	12,919	9,752	10,714	8,512
Total Business-Type Activities Net Position	\$ 37,257	\$ 37,503	\$ 40,812	\$ 39,926	\$ 34,805	\$ 37,426	\$ 31,571	\$ 24,864	\$ 34,126	\$ 28,045
<b>District-Wide/(Deficit)</b>										
Net Investment in Capital Assets	\$ 10,633,407	\$ 10,736,096	\$ 10,967,969	\$ 11,211,430	\$ 11,324,033	\$ 11,466,864	\$ 11,981,125	\$ 12,261,255	\$ 12,715,516	\$ 13,020,518
Restricted	785,968	964,132	1,069,956	1,400,007	1,513,176	1,758,329	2,471,676	2,954,975	2,588,370	2,718,589
Unrestricted/(Deficit)	298,745	135,677	184,898	94,637	293,007	(1,585,964)	(2,095,643)	(2,241,699)	(2,404,471)	(2,376,085)
Total District Net Position	\$ 11,718,120	\$ 11,835,905	\$ 12,222,823	\$ 12,706,074	\$ 13,130,216	\$ 11,639,229	\$ 12,357,158	\$ 12,974,531	\$ 12,899,415	\$ 13,363,022

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 4,049,319	\$ 4,269,963	\$ 4,232,330	\$ 4,439,994	\$ 4,509,210	\$ 4,443,456	\$ 5,168,959	\$ 5,904,917	\$ 6,309,797	\$ 7,252,349
Special Education	995,243	1,125,062	1,100,359	1,265,917	1,372,828	1,387,168	1,880,116	2,033,797	2,441,312	2,209,507
Other Instruction	202,323	335,936	322,630	270,553	333,603	277,576	308,633	438,998	458,758	503,797
Support Services:										
Tuition	4,181,420	4,826,292	4,727,528	4,664,999	4,813,104	4,673,662	4,727,473	4,319,777	4,512,658	4,977,045
Student & Instruction Related Services	1,201,566	1,220,097	1,175,150	1,188,869	1,384,421	1,477,922	1,467,110	1,669,864	1,749,831	1,482,176
General and Business Administrative Services	542,243	426,239	481,711	493,717	483,959	361,504	372,336	431,732	492,622	526,262
School Administrative Services	367,020	444,043	370,046	405,968	418,865	458,597	539,080	565,157	684,924	729,600
Central Services	185,678	258,281	283,960	279,952	308,215	312,066	333,638	324,724	354,387	367,261
Administrative Information Technology	58,657	81,384	91,132	93,331	10,192	32,286	30,863	7,194	11,753	113,637
Plant Operations And Maintenance	1,579,350	1,113,391	1,068,762	1,053,227	1,018,900	1,148,966	1,143,834	1,101,142	1,208,502	1,084,206
Pupil Transportation	668,458	670,137	603,024	639,047	671,570	747,381	733,951	748,157	852,765	950,618
Interest On Long-Term Debt	227,126	226,002	166,676	160,090	171,249	152,529	140,297	125,363	210,353	274,171
Unallocated Depreciation	164,233	270,313	393,974	393,974	400,190	394,877	394,877	391,815	558,737	405,038
Capital Outlay	46,010		87,518	11,891	39,323	80,562	56,562	56,562	143,482	15,655
Charter Schools		6,531	32,871	34,320	46,868	57,404	37,483	66,386	92,960	114,316
Total Governmental Activities Expenses	14,468,646	15,273,671	15,137,671	15,395,849	15,982,497	16,005,956	17,335,212	18,185,585	20,082,841	21,005,638
Business-Type Activities:										
Food Service	136,784	126,331	128,083	129,804	129,107	134,253	128,552	119,095	105,046	126,300
Total Business-Type Activities Expense	136,784	126,331	128,083	129,804	129,107	134,253	128,552	119,095	105,046	126,300
Total District Expenses	\$ 14,605,430	\$ 15,400,002	\$ 15,265,754	\$ 15,525,653	\$ 16,111,604	\$ 16,140,209	\$ 17,463,764	\$ 18,304,680	\$ 20,187,887	\$ 21,131,938

MORRIS PLAINS BOROUGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Continued)

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Instruction (Tuition)			\$ 54,992	\$ 52,753	\$ 74,290	\$ 63,807	\$ 73,704	\$ 175,851	\$ 126,687	\$ 140,969
Operating Grants and Contributions	\$ 1,300,457	\$ 1,421,747	1,061,940	1,312,184	1,595,296	1,470,035	2,428,623	2,910,463	3,688,320	4,396,740
Capital Grants and Contributions			17,244						141,669	
<b>Total Governmental Activities Program Revenues</b>	<b>1,300,457</b>	<b>1,421,747</b>	<b>1,134,176</b>	<b>1,364,937</b>	<b>1,669,586</b>	<b>1,533,842</b>	<b>2,502,327</b>	<b>3,086,314</b>	<b>3,956,676</b>	<b>4,537,709</b>
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	112,588	99,505	98,577	104,666	98,593	103,735	94,622	86,499	82,291	82,904
Operating Grants and Contributions	25,663	27,042	24,190	24,207	26,136	33,085	28,014	25,837	31,935	37,156
<b>Total Business Type Activities Program Revenues</b>	<b>138,251</b>	<b>126,547</b>	<b>122,767</b>	<b>128,873</b>	<b>124,729</b>	<b>136,820</b>	<b>122,636</b>	<b>112,336</b>	<b>114,226</b>	<b>120,060</b>
<b>Total District Program Revenues</b>	<b>\$ 1,438,708</b>	<b>\$ 1,548,294</b>	<b>\$ 1,256,943</b>	<b>\$ 1,493,810</b>	<b>\$ 1,794,315</b>	<b>\$ 1,670,662</b>	<b>\$ 2,624,963</b>	<b>\$ 3,198,650</b>	<b>\$ 4,070,902</b>	<b>\$ 4,657,769</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$(13,168,189)	\$(13,851,924)	\$(14,003,495)	\$(14,030,912)	\$(14,312,911)	\$(14,472,114)	\$(14,832,885)	\$(15,099,271)	\$(16,126,165)	\$(16,467,929)
Business-Type Activities	1,467	216	(5,316)	(931)	(4,378)	2,567	(5,916)	(6,759)	9,180	(6,240)
<b>Total District-Wide Net Expense</b>	<b>\$(13,166,722)</b>	<b>\$(13,851,708)</b>	<b>\$(14,008,811)</b>	<b>\$(14,031,843)</b>	<b>\$(14,317,289)</b>	<b>\$(14,469,547)</b>	<b>\$(14,838,801)</b>	<b>\$(15,106,030)</b>	<b>\$(16,116,985)</b>	<b>\$(16,474,169)</b>

MORRIS PLAINS BOROUGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Continued)

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 12,142,867	\$ 12,863,163	\$ 13,377,690	\$ 13,645,244	\$ 13,884,036	\$ 14,161,717	\$ 14,444,951	\$ 14,661,625	\$ 14,954,858	\$ 15,253,955
Taxes Levied for Debt Service	580,844	579,794	578,419	576,359	545,458	529,312	543,350	538,550	533,350	871,762
Unrestricted Grants and Contributions	302,666	280,668	225,196	211,806	261,013	487,755	433,325	442,368	472,400	715,228
Investment Earnings	22,122	5,646	6,189	6,309	6,917	7,582	12,616	10,153	20,806	43,319
Miscellaneous Income	99,994	240,192	199,610	75,331	74,045	96,674	122,427	70,655	60,373	53,353
Total Governmental Activities	13,148,493	13,969,463	14,387,104	14,515,049	14,771,469	15,283,040	15,556,669	15,723,351	16,041,787	16,937,617
Business-Type Activities:										
Investment Earnings	15	30	38	45	44	54	61	52	82	159
Prior Year Adjustment- Capital Assets			8,587							
Total Business-Type Activities	15	30	8,625	45	44	54	61	52	82	159
Total District-Wide	\$ 13,148,508	\$ 13,969,493	\$ 14,395,729	\$ 14,515,094	\$ 14,771,513	\$ 15,283,094	\$ 15,556,730	\$ 15,723,403	\$ 16,041,869	\$ 16,937,776
<b>Change in Net Position</b>										
Governmental Activities	(19,696)	117,539	383,609	484,137	458,558	810,926	723,784	624,080	(84,378)	469,688
Business-Type Activities	1,482	246	3,309	(886)	(4,334)	2,621	(5,855)	(6,707)	9,262	(6,081)
Total District	\$ (18,214)	\$ 117,785	\$ 386,918	\$ 483,251	\$ 454,224	\$ 813,547	\$ 717,929	\$ 617,373	\$ (75,116)	\$ 463,607

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 UNAUDITED  
 (modified accrual basis of accounting)

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved/Restricted	\$ 775,265	\$ 735,928	\$ 813,687	\$ 1,072,000	\$ 1,493,188	\$ 1,758,329	\$ 2,471,677	\$ 2,954,975	\$ 2,567,564	\$ 2,644,430
Assigned		246,627	479,655	298,377	184,901	191,621	427,209	168,030	314,104	342,475
Unassigned				428,254	494,360	535,244	246,366	440,582	488,567	538,780
Unreserved	421,216	459,203								
Total General Fund	\$ 1,196,481	\$ 1,195,131	\$ 1,539,969	\$ 1,798,631	\$ 2,172,449	\$ 2,485,194	\$ 3,145,252	\$ 3,563,587	\$ 3,370,235	\$ 3,525,685
All Other Governmental Funds										
Reserved/Restricted			\$ 9,642	\$ 29,630	\$ 19,988	\$ 336,800	\$ 32,500	\$ 23,722	\$ 5,428,167	\$ 2,120,766
Committed	\$ 10,703	\$ 9,641								
Unreserved, Reported In:										
Capital Projects Fund										
Other Governmental Funds	\$ 10,703	\$ 9,641	\$ 9,642	\$ 29,630	\$ 19,988	\$ 336,800	\$ 32,500	\$ 23,722	\$ 5,428,167	\$ 2,120,766
Total All Other Governmental Funds	\$ 10,703	\$ 9,641	\$ 9,642	\$ 29,630	\$ 19,988	\$ 336,800	\$ 32,500	\$ 23,722	\$ 5,428,167	\$ 2,120,766
Total Governmental Funds:										
Reserved/Restricted	\$ 775,265	\$ 735,928	\$ 823,329	\$ 1,101,630	\$ 1,513,176	\$ 1,758,329	\$ 2,471,677	\$ 2,954,975	\$ 7,995,731	\$ 4,765,196
Committed			246,627	298,377	184,901	336,800	32,500	23,722		
Assigned			479,655	428,254	494,360	191,621	427,209	168,030	314,104	342,475
Unassigned						535,244	246,366	440,582	488,567	538,780
Unreserved	431,919	468,844								
Total Governmental Funds	\$ 1,207,184	\$ 1,204,772	\$ 1,549,611	\$ 1,828,261	\$ 2,192,437	\$ 2,821,994	\$ 3,177,752	\$ 3,587,309	\$ 8,798,402	\$ 5,646,451

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

UNAUDITED  
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 12,723,711	\$ 13,442,957	\$ 13,956,110	\$ 14,221,603	\$ 14,429,494	\$ 14,691,029	\$ 14,988,301	\$ 15,200,175	\$ 15,488,208	\$ 16,125,717
Tuition Charges		92,473	54,992	52,753	74,290	63,807	73,704	175,851	126,687	23,867
Interest Earned on Capital Reserve Funds	2,294	607	53	388						117,102
Miscellaneous	119,822	153,258	205,744	83,252	103,855	142,204	165,823	88,357	94,100	122,927
State Sources	1,417,231	1,432,387	1,009,750	1,282,664	1,641,810	1,734,024	1,806,254	1,976,083	2,322,749	2,749,885
Federal Sources	185,892	269,528	294,630	239,326	191,606	185,818	168,020	181,847	167,295	150,799
Total Revenue	14,448,950	15,391,210	15,521,279	15,879,986	16,441,055	16,816,882	17,202,102	17,622,313	18,199,039	19,290,297
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	2,948,500	3,095,125	3,026,689	3,157,138	3,166,386	3,210,893	3,347,273	3,617,749	3,430,011	3,701,597
Special Education Instruction	895,991	789,081	770,877	885,580	988,009	1,055,349	1,201,399	1,232,179	1,344,195	1,231,958
School Sponsored/Other Instruction	143,014	234,922	225,724	186,422	234,836	201,554	194,545	259,094	247,550	305,226
<b>Support Services:</b>										
Tuition	4,181,420	4,826,292	4,727,528	4,664,999	4,813,104	4,673,662	4,727,473	4,319,777	4,512,658	4,977,045
Student & Instruction Related Services	1,059,566	1,080,772	1,022,735	1,056,089	1,232,260	1,350,286	1,304,982	1,446,812	1,462,409	1,252,319
General And Business Administrative Services	538,380	369,749	422,551	425,547	419,158	372,092	385,540	439,352	423,168	458,980
School Administrative Services	299,985	314,579	260,466	279,489	274,119	299,931	312,891	310,791	337,507	343,487
Central Services	170,678	208,588	226,259	221,484	249,871	254,551	276,511	259,958	278,036	292,317
Administrative Information Technology		48,657	77,263	77,861	10,192	32,286	30,863	7,194	11,753	91,617
Plant Operations And Maintenance	1,000,259	997,773	951,475	932,852	904,630	1,022,033	1,031,131	966,886	1,053,533	938,195
Pupil Transportation	668,458	665,145	593,533	630,096	662,831	747,381	733,667	748,157	852,765	950,618
Allocated and Unallocated Benefits	2,046,770	2,110,200	2,138,761	2,256,047	2,342,393	2,125,135	2,268,227	2,653,352	2,970,452	3,300,000
<b>Debt Service:</b>										
Principal	340,000	350,000	360,000	420,000	360,000	365,000	370,000	380,000	390,000	722,000
Interest And Other Charges	240,844	229,794	218,419	136,371	195,100	184,300	173,350	158,550	143,350	326,979
Capital Outlay	276,818	47,032	121,290	237,041	387,590	235,468	451,009	346,519	1,679,599	3,435,594
Charter Schools		6,531	32,871	34,320	46,868	57,404	37,483	66,386	92,960	114,316
Total Expenditures	14,859,340	15,393,622	15,176,441	15,601,336	16,287,347	16,187,325	16,846,344	17,212,756	19,229,946	22,442,248
<b>Excess/(Deficiency) Of Revenues Over/(Under) Expenditures</b>	(410,390)	(2,412)	344,838	278,650	153,708	629,557	355,758	409,557	(1,030,907)	(3,151,951)
<b>Other Financing Sources (Uses)</b>										
Capital Leases (Non-Budgeted)					210,468					
Bond Proceeds									6,242,000	
Transfers In	1,559	633	35,549	336,800		336,800	25,800	25,800	791,183	53,353
Transfers Out	(1,559)	(633)	(35,549)	(336,800)		(336,800)	(25,800)	(25,800)	(791,183)	(53,353)
Total Other Financing Sources (Uses)									6,242,000	
<b>Net Change in Fund Balances</b>	\$ (410,390)	\$ (2,412)	\$ 344,838	\$ 278,650	\$ 364,176	\$ 629,557	\$ 355,758	\$ 409,557	\$ 5,211,093	\$ (3,151,951)
<b>Debt Service As A Percentage Of Noncapital Expenditures</b>	3.98%	3.78%	3.84%	3.62%	3.49%	3.44%	3.31%	3.18%	3.03%	5.50%

Source: School District Financial Reports



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Prior Year Refunds	Other	Total
2009	\$ 20,563		\$ 10,940	\$ 90,613	\$ 122,116
2010	5,039		174,832	66,467	246,338
2011	6,189	\$ 54,992	187,469	9,999	258,649
2012	6,309	52,753	60,252	15,079	134,393
2013	6,917	74,290	67,507	6,538	155,252
2014	7,582	63,807	51,938	44,736	168,063
2015	12,616	73,704	98,519	23,908	208,747
2016	10,153	175,851	65,827	4,828	256,659
2017	14,222	126,687	31,050	15,101	187,060
2018	26,536	140,969	1,040	15,742	184,288

Source: Morris Plains Borough School District records

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2008	\$ 4,603,600	\$ 456,506,370	\$ 250,380,800	\$ 52,005,000	\$ 10,412,600	\$ 773,908,370	\$ 35,205,900	\$ 1,135,563	\$ 775,043,933	\$ 1.608	\$ 1,525,974,857
2009	* 12,890,400	855,574,700	505,011,300	88,640,000	21,950,000	1,484,066,400	66,386,400	2,305,926	1,486,372,326	0.879	1,598,593,596
2010	11,751,800	856,002,200	483,361,300	102,040,000	21,950,000	1,475,105,300	66,289,200	2,179,649	1,477,284,949	0.927	1,575,266,527
2011	9,854,500	851,279,500	471,785,300	95,040,000	21,950,000	1,449,909,300	66,296,900	2,179,649	1,452,088,949	0.970	1,562,806,186
2012	16,048,400	849,535,800	427,875,100	85,640,000	21,950,000	1,401,049,300	66,296,900	93	1,401,049,393	1.022	1,521,277,573
2013	10,647,500	868,739,400	410,971,500	59,415,000	21,950,000	1,371,723,400	66,845,600	93	1,371,723,493	1.062	1,481,912,270
2014	8,887,600	874,748,000	395,310,000	47,590,000	21,950,000	1,348,485,600	66,845,600	89	1,348,485,689	1.100	1,470,558,402
2015	9,046,500	874,850,100	389,508,600	47,590,000	21,950,000	1,342,945,200	64,684,000	89	1,342,945,289	1.124	1,470,558,402
2016	8,005,400	874,540,800	426,024,100	47,590,000	21,950,000	1,378,110,300	65,491,200	89	1,378,110,389	1.113	1,446,892,700
2017	7,255,000	876,719,800	424,884,500	47,590,000	21,950,000	1,378,399,300	68,493,000	89	1,378,399,300	1.165	1,479,276,731

\* Revaluation of Real Property effective in this year.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are \$100 per assessed value

Source: Municipal Tax Assessor

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
*(rate per \$100 of assessed value)*

Year Ended December 31,	Morris Plains Borough School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Municipality	Morris County	
2008	1.568	0.040	1.608	1.098	0.455	3.161
2009	*	0.839	0.879	0.600	0.246	1.725
2010	0.887	0.040	0.927	0.634	0.244	1.805
2011	0.930	0.040	0.970	0.662	0.255	1.887
2012	0.982	0.040	1.022	0.694	0.265	1.981
2013	1.024	0.038	1.062	0.723	0.267	2.052
2014	1.060	0.040	1.100	0.749	0.279	2.128
2015	1.084	0.040	1.124	0.723	0.267	2.114
2016	1.073	0.040	1.113	0.761	0.268	2.142
2017	1.102	0.063	1.165	0.776	0.279	2.220

\* Revaluation of Real Property effective in this year.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

Source: Municipal Tax Collector and School Business Administrator

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

BOROUGH OF MORRIS PLAINS

	2018		2009		Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value			
Honeywell International Inc		\$ 81,992,400	24.00%				
Mc Neil - PPC Inc Tax Dept		67,464,000	22.60%				
Mack-Cali Realty Corp		45,200,000	9.10%				
Morris Plains Holding UE L.L.C.		28,950,000	8.83%				
Individual Taxpayer #1		25,400,000	8.30%				
Forty East Hanover LLC		21,950,000	6.45%				
WU LH 500 American LLC		18,050,000	6.42%				
CSH Morris Plains LLC		17,670,000	5.14%				
WU LH 500 American LLC		17,600,000	4.78%				
M&M At Morris Plains LLC		16,350,000	4.38%				
Total		\$ 340,626,400	100.00%				

NOT AVAILABLE

Source: Municipal Tax Assessor

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 11,971,326	\$ 11,971,326	100.00%	-0-
2010	13,442,957	13,442,957	100.00%	-0-
2011	13,956,109	13,956,109	100.00%	-0-
2012	14,221,603	14,221,603	100.00%	-0-
2013	14,429,494	14,429,494	100.00%	-0-
2014	14,691,029	14,691,029	100.00%	-0-
2015	14,988,301	14,988,301	100.00%	-0-
2016	15,200,175	15,200,175	100.00%	-0-
2017	15,488,208	15,488,208	100.00%	-0-
2018	16,125,717	16,125,717	100.00%	-0-

Source: Morris Plains Borough School District records including the Certificate and Report of School Taxes (A4F form)

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases			
2009	\$ 5,793,000		\$ 5,793,000	1.34%	956
2010	5,443,000		5,443,000	1.32%	984
2011	4,840,000		4,840,000	1.13%	873
2012	4,420,000		4,420,000	0.99%	789
2013	4,060,000	\$ 210,468	4,270,468	0.94%	761
2014	3,695,000	141,268	3,836,268	0.82%	684
2015	3,325,000	71,116	3,396,116	0.69%	606
2016	2,945,000		2,945,000	0.59%	526
2017	8,797,000		8,797,000	1.77%	1,576
2018	8,075,000		8,075,000	1.62%	1,447

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 5,793,000	-0-	\$ 5,793,000	0.75%	\$ 956
2010	5,443,000	-0-	5,443,000	0.70%	984
2011	4,840,000	-0-	4,840,000	0.33%	873
2012	4,420,000	-0-	4,420,000	0.30%	789
2013	4,060,000	-0-	4,060,000	0.28%	723
2014	3,695,000	-0-	3,695,000	0.26%	659
2015	3,325,000	-0-	3,325,000	0.24%	593
2016	2,945,000	-0-	2,945,000	0.22%	526
2017	8,797,000	-0-	8,797,000	0.66%	1,576
2018	8,075,000	-0-	8,075,000	0.59%	1,447

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

<sup>b</sup> See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: School District Financial Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2017  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Morris Plains	\$ 17,683,813	100.00%	\$ 17,683,813
Morris County General Obligation Debt	217,187,521	1.63% <sup>a</sup>	<u>3,547,227</u>
Subtotal, Overlapping Debt			21,231,040
Morris Plains School District Direct Debt			<u>8,075,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 29,306,040</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that that is borne by the residents and businesses of Morris Plains Borough. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Morris Plains taxable equalized property values. Applicable percentages were estimated by determining the portion of Morris Plains Borough's equalized property value that is within the Morris County boundaries and dividing it by Morris County's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
 UNAUDITED

<u>Legal Debt Margin Calculation for Fiscal Year 2018</u>	
	Morris Plains
	Borough
Equalized valuation basis	\$ 1,484,544,211
2017	1,467,011,177
2016	1,409,176,495
2015	\$ 4,360,731,883
<hr/>	
Average Equalized Valuation of Taxable Property	\$ 1,453,577,294
Debt Limit (3% of average equalization value) <sup>a</sup>	\$ 43,607,319
Net Bonded School Debt as of June 30, 2018	8,075,000
Legal Debt Margin	\$ 35,532,319

	<u>Fiscal Year June 30,</u>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 46,931,058	\$ 46,800,483	\$ 47,423,602	\$ 47,291,046	\$ 46,330,438	\$ 43,973,935	\$ 43,973,935	\$ 43,328,464	\$ 43,607,319	\$ 43,607,319
Total Net Debt Applicable to Limit	5,793,000	5,443,000	4,840,000	4,420,000	4,060,000	3,695,000	3,325,000	2,945,000	8,797,000	8,075,000
Legal Debt Margin	\$ 41,138,058	\$ 41,357,483	\$ 42,583,602	\$ 42,871,046	\$ 42,270,438	\$ 40,278,935	\$ 40,648,935	\$ 40,383,464	\$ 34,810,319	\$ 35,532,319
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	12.34%	11.63%	10.21%	9.35%	8.76%	9.35%	8.76%	6.80%	20.17%	18.52%

<sup>a</sup> A Limit set by N.J.S.A. 18A:24-19 for a K through 8 district, other % limits would be applicable for other districts.

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Morris County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2009	6,062	432,590,382	71,361	3.40%
2010	5,533	411,987,180	74,460	7.80%
2011	5,545	428,112,815	77,207	7.80%
2012	5,601	448,231,227	80,027	7.90%
2013	5,612	453,831,216	80,868	6.30%
2014	5,608	469,316,696	83,687	4.70%
2015	5,608	492,920,768	87,896	4.20%
2016	5,595	498,318,675	89,065	4.00%
2017	5,581	497,071,765	89,065 **	4.00%
2018	5,581 *	497,071,765 *	89,065 **	N/A

\* - Latest population data available (2017) was used for calculation purposes.

\*\* - Latest Morris County per capita personal income available (2016) was used for calculation purposes.

N/A - Information Unavailable

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development.

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development.

Source: School District Reports

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - MORRIS COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

COUNTY OF MORRIS

2018		2009		Percentage of Total Employment
Employer	Employees	Employer	Employees	Percentage of Total Employment
Picatinny Arsenal	6,000	Novartis Corporation	5,000	N/A
Atlantic Health System	5,455	Atlantic Health	4,045	N/A
Novartis	4,220	U.S. Army Armament R&D	3,412	N/A
Bayer	2,800	County of Morris	2,170	N/A
ADP	2,266	Lucent Technology	1,983	N/A
Honeywell	1,838	United Parcel Service	1,941	N/A
Wyndham Worldwide	1,708	Wyndham Worldwide	1,371	N/A
St. Clare's Health System	1,688	Greystone Psychiatric Center	1,296	N/A
BASF Corporation	1,400	Tiffany & Company	1,200	N/A
Pricewaterhouse Coopers	1,360	Accenture	1,200	N/A
<b>Total</b>	<b>28,735</b>		<b>23,618</b>	<b>N/A</b>
<b>Total County Labor Force</b>	<b>259,911</b>		<b>N/A</b>	

\* - Employment data provided by the NJ Department of Labor and Workforce Development

N/A - Not Available

Source: Morris County Treasurer's Office

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Instruction:</b>										
Regular	41.0	40.0	40.0	40.0	41.0	41.0	41.0	48.0	49.0	49.0
Special Education	14.0	11.0	23.0	23.0	22.0	22.0	29.0	28.0	29.0	29.0
Other Instruction	9.0	8.0	1.8	1.8			2.0	2.0	2.0	2.0
<b>Support Services:</b>										
Student & Instruction Related Services	6.5	6.0	7.0	7.0	7.0	7.0		7.0	7.5	7.5
School Administration Services	3.5	4.5	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
General Administration Services	2.0	2.0	4.0	4.0	4.0	4.0	7.0	7.0	7.0	7.0
Other Administrative Services			1.0	1.0						
Central Services	2.0	4.0	2.0	2.0	1.5	2.0	3.0	3.0	3.0	3.0
Other Support Services							0.5	0.5	0.5	0.5
Plant Operations and Maintenance	10.0	7.0	7.0	7.0	9.0	9.0	8.0	3.0	8.5	8.5
Pupil Transportation	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
<b>Total</b>	<b>89.0</b>	<b>83.0</b>	<b>90.3</b>	<b>90.3</b>	<b>89.0</b>	<b>89.5</b>	<b>96.0</b>	<b>104.0</b>	<b>112.0</b>	<b>112.0</b>

Source: District Personnel Records

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio Elementary	Average Daily		% Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) <sup>c</sup>	Attendance (ADA) <sup>c</sup>		
2009	646.0	\$ 14,001,678	\$ 21,674	-7.31%	64.0	1:10.9	648.0	626.1	4.35%	96.62%
2010	644.0	14,766,796	22,930	5.79%	65.0	1:9.9	630.0	607.3	-2.78%	96.40%
2011	634.0	14,476,732	22,834	-0.42%	58.0	1:10.9	633.0	611.4	0.48%	96.59%
2012	628.0	14,807,924	23,579	3.27%	58.0	1:10.9	625.0	618.2	-1.26%	98.91%
2013	615.0	15,344,657	24,951	5.82%	57.0	1:10.9	612.0	590.4	-2.08%	96.47%
2014	638.0	15,402,557	24,142	-3.24%	58.0	1:10.9	638.0	612.9	4.25%	96.07%
2015	611.0	15,851,985	25,944	7.47%	64.0	1:10.9	612.0	581.8	-4.08%	95.06%
2016	575.0	16,327,687	28,396	9.45%	72.0	1:10.9	602.0	579.5	-1.63%	96.26%
2017	583.0	17,016,997	29,189	2.79%	80.0	1:10.9	574.6	560.3	-4.55%	97.51%
2018	573.0	17,957,675	31,340	7.37%	80.0	1:10.9	571.0	548.0	-0.63%	95.97%

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The cost per pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

Source: Morris Plains Borough School District records

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>District Building</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Mountain Way School (1969, 1985)</b>										
Square Feet	29,658	29,658	29,658	29,658	29,658	29,658	29,658	29,658	29,658	29,653
Capacity (students)	265	265	265	265	265	265	265	265	265	265
Enrollment	258	241	221	213	209	223	207	208	211	204
<b>Borough School (1972, 1992)</b>										
Square Feet	90,200	90,200	90,200	90,200	90,200	90,200	90,200	90,200	90,200	90,200
Capacity (students)	697	697	697	697	697	697	697	697	697	697
Enrollment	388	403	413	405	406	415	404	367	372	369

Number of Schools at June 30, 2018

Elementary = 1

Middle School = 1

Note: Year of original construction is shown first in parentheses.  
 Enrollment is based on the annual October district count.

Source: Morris Plains Borough School District Facilities Office

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures:  
 Required Maintenance for School Facilities  
 11-000-261-XXX

School Facilities	Projects #	2009	2010	2011	2012	2013
Borough	N/A	\$ 176,049	\$ 208,747	\$ 210,884	\$ 198,042	\$ 152,978
Mountain Way	N/A	75,450	71,808	46,292	43,473	64,729
		<u>\$ 251,499</u>	<u>\$ 280,555</u>	<u>\$ 257,176</u>	<u>\$ 241,515</u>	<u>\$ 217,707</u>
School Facilities (Cont'd)	Projects #	2014	2015	2016	2017	2018
Borough	N/A	\$ 184,410	\$ 227,129	\$ 159,230	\$ 194,747	\$ 174,245
Mountain Way	N/A	40,480	49,858	77,234	94,461	84,517
		<u>\$ 224,890</u>	<u>\$ 276,987</u>	<u>\$ 236,464</u>	<u>\$ 289,208</u>	<u>\$ 258,762</u>

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

N/A - Not Applicable

Source: Morris Plains Borough School District records

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2018

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG		
Property - Blanket Building and Contents	\$ 35,986,399	\$ 2,500
Electronic Data Processing	500,000	\$ 1,000
Comprehensive General Liability	11,000,000	
Comprehensive General Liability Aggregate	None	
Comprehensive Automotive Liability	11,000,000	
Comprehensive Fire Damage Limit	11,000,000	
Comprehensive Personal and Advertising Injury	11,000,000	
Comprehensive Products/Completed Operations	11,000,000	
Comprehensive Medical Expense Limit	5,000	
Excess Liability - Torus & Markel		
NJUEP Program	29,000,000	
School District Legal Liability - NJSIG		
Coverage A	11,000,000	5,000
Coverage B (each claim)	100,000	5,000
Coverage B (each policy period)	300,000	
Surety Bonds - NJSIG		
Board Secretary	300,000	1,000
Treasurer	300,000	1,000
Worker's Compensation - NJSIG		
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease	2,000,000	
Student Accident - Zurich		
Accident Medical	1,000,000	

Source: Morris Plains Borough School District records



SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

Report on Internal Control over Financial Reporting and on Compliance  
 and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
 Government Auditing Standards

The Honorable President and Members  
 of the Board of Education  
 Morris Plains Borough School District  
 County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris Plains Borough School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members  
of the Board of Education  
Morris Plains Borough School District  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 18, 2019  
Mount Arlington, New Jersey

NISIVOCIA LLP



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Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

Report on Compliance For Each Major State Program;  
 Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Morris Plains Borough School District  
 County of Morris, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Morris Plains Borough School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2018. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members  
of the Board of Education  
Morris Plains Borough School District  
Page 2

***Opinion on Each Major State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2018.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District’s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

January 18, 2019  
Mount Arlington, New Jersey

NISIVOCIA LLP



Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017			Due to Grantor	Cash Received	Budgetary Expenditures	Repay Prior Years' Balance	Balance at June 30, 2018		Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Unearned Revenue	Due to Grantor					Budgetary Accounts Receivable	Unearned Revenue	
U.S. Department of Education Passed-through State Department of Education:														
Special Education Cluster:														
I.D.E.A. Part B, Basic	84.027	IDEA338018	7/1/17-6/30/18	\$ 134,170				\$ 134,170	\$ (134,170)					
I.D.E.A. Part B, Preschool	84.173	IDEA338018	7/1/17-6/30/18	5,623				5,623	(5,623)					
Total Special Education Cluster								139,793	(139,793)					
Elementary and Secondary Education Act														
Title I	84.010A	ESEA338018	7/1/17-6/30/18	5,611				5,611	(5,611)					
Title I	84.010A	ESEA338015	7/1/14-6/30/15	10,338			\$ 3,903				\$ (3,903)			
Title II, Part A	84.367A	ESEA338018	7/1/17-6/30/18	9,900				9,900	(9,900)					
Title II, Part A	84.367A	ESEA338015	7/1/14-6/30/15	16,660			2,938				(2,938)			
Total U.S. Department of Education							6,841	155,304	(155,304)		(6,841)			
U.S. Department of Agriculture:														
Passed-through State Department of Agriculture:														
Child Nutrition Cluster:														
Food Distribution Program	10.555	N/A	7/1/17-6/30/18	10,112				10,112	(7,035)			\$ 3,077		
Food Distribution Program	10.555	N/A	7/1/16-6/30/17	10,827					(2,477)					
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	26,250				23,967	(26,250)			\$ 2,283		
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	19,924				1,628						
Total Child Nutrition Cluster - Total U.S. Department of Agriculture								35,707	(35,762)			2,283	3,077	
Total Federal Awards							\$ 6,841	\$ 191,011	\$ (191,066)		\$ (6,841)	\$ 2,283	\$ 3,077	\$ -0-

N/A - Not Available/Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017			Balance at June 30, 2018			MEMO		
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures	
New Jersey Department of Education												
General Fund:												
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	\$ 46,676	\$ 4,147	\$	4,147					\$	46,676
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	500,756	44,487		44,487						500,756
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	15,093	1,341		1,341						15,093
School Choice Aid	17-495-034-5120-068	7/1/16-6/30/17	202,770	18,014		18,014						202,770
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	8,530	758		758						8,530
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	8,530	758		758						8,530
Professional Learning												
Community Aid	17-495-034-5120-101	7/1/16-6/30/17	8,410	747		747						8,410
Host District Support Aid	17-495-034-5120-102	7/1/16-6/30/17	2,856	253		253						2,856
Extraordinary Aid	17-495-034-5120-473	7/1/16-6/30/17	218,502	218,502		218,502						218,502
Non Public Transportation	17-495-034-5120-014	7/1/16-6/30/17	10,166	10,166		10,166						10,166
Homeless Tuition	N/A	7/1/16-6/30/17										
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	46,676			42,826	\$	(46,676)		\$	3,850	46,676
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	514,227			471,805		(514,227)		42,422		514,227
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	15,093			13,848		(15,093)		1,245		15,093
School Choice Aid	18-495-034-5120-068	7/1/17-6/30/18	202,770			186,042		(202,770)		16,728		202,770
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	8,530			7,826		(8,530)		704		8,530
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	8,530			7,826		(8,530)		704		8,530
Professional Learning												
Community Aid	18-495-034-5120-101	7/1/17-6/30/18	8,410			7,716		(8,410)		694		8,410
Host District Support Aid	18-495-034-5120-102	7/1/17-6/30/18	4,080			3,744		(4,080)		336		4,080
Extraordinary Aid	18-495-034-5120-473	7/1/17-6/30/18	257,609					(257,609)	\$	257,609		257,609
Non Public Transportation	18-495-034-5120-014	7/1/17-6/30/18	20,173					(20,173)		20,173		20,173
Homeless Tuition	N/A	7/1/17-6/30/18	11,355					(11,355)		11,355		11,355
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	375,466			375,466		(375,466)				375,466
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	429,552			429,552		(429,552)				429,552
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	649,310			649,310		(649,310)				649,310
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	15,757			15,757		(15,757)				15,757
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	1,308			1,308		(1,308)				1,308
Total General Fund State Aid				299,173		2,512,199		(2,568,846)		289,137	355,820	3,916,961

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017			Balance at June 30, 2018			MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures
Debt Service Aid											
Debt Service Aid Type II	18-100-034-5120-123	7/1/17-6/30/18	\$ 177,217			\$ 177,217	\$ (177,217)				\$ 177,217
Total Debt Service Fund						177,217	(177,217)				177,217
Enterprise Fund:											
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	1,394		1,278		(1,394)	\$ 116	\$ 116		1,394
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	1,107		84						1,107
Total Enterprise Fund				84	1,362		(1,394)	116	116		2,501
Total State Awards Subject to Single Audit Determination				\$ 299,257	\$ -0-	\$ 2,690,778	\$ (2,747,457)	\$ 289,253	\$ -0-	\$ 355,936	\$ 4,096,679
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	(429,552)				\$ 429,552				
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	(649,310)				649,310				
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	(15,757)				15,757				
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	(1,308)				1,308				
Subtotal - On-Behalf TPAF Pension System Contributions									1,095,927		
Total State Awards Subject to Single Audit Major Program Determination										\$ (1,651,530)	

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS



MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Morris Plains School District under programs of the federal and state governments for the fiscal year ended June 30, 2018. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments for the prior year and for the last two payments of the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year and the final two state aid payments for the prior year which are recognized in the current year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of the award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,822 for the general fund, (\$7,754) for the special revenue fund (of which \$3,249 is for local assistance and is not included in the table on the next page. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, and special revenue funds.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,572,668	\$ 2,572,668
Special Revenue Fund	\$ 150,799		150,799
Debt Service Fund		177,217	177,217
Food Service Fund	35,762	1,394	37,156
	<u>\$ 186,561</u>	<u>\$ 2,751,279</u>	<u>\$ 2,937,840</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Morris Plains Borough School District had no loan balances outstanding at June 30, 2018.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2018 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>State:</u>				
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 514,227	\$ 514,227
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	15,093	15,093
School Choice Aid	18-495-034-5120-068	7/1/17-6/30/18	202,770	202,770
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	8,530	8,530
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	8,530	8,530
Professional Learning				
Community Aid	18-495-034-5120-101	7/1/17-6/30/18	8,410	8,410
Host District Support Aid	18-495-034-5120-102	7/1/17-6/30/18	4,080	4,080

- The threshold used for distinguishing between State Type A and Type B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

MORRIS PLAINS BOROUGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

There were no prior year audit findings.